

**27th ANNUAL REPORT
2013-2014**

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| BOARD OF DIRECTORS : | Mr. Kumar C. Bhansali Chairman & Managing Director Mr. Nirav K. Bhansali Whole- time Director Mr. Madhukar G. Patankar Director Mr. Nishikant S. Jha Director |
| AUDITORS : | M/s. JMR & ASSOCIATES. Chartered Accountants |
| BANKERS : | State Bank of India Canara Bank Industrial Development Bank of India Limited Royal Bank of Scotland Indusind Bank Ltd Union Bank of India Standard Chartered Bank Axis Bank |

**NOTICE:**

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **CLASSIC DIAMONDS (INDIA) LIMITED (CIN L36900MH1986PLC041541)** WILL BE HELD ON 25TH SEPTEMBER, 2014 AT 3.00 P.M. AT CONSULTAIR INVESTMENT PVT LTD, 20 DOWNTOWN CONFERENCE HALL, 2ND FLOOR, S/W WINGS, CAMBATA BLDG, 42 M.KARVE ROAD, CHURCHGATE, MUMBAI- 400020 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

| | |
|-----------|--|
| 1. | To receive, consider and adopt the Financial Statements as at 31 st March, 2014 together with the Directors' Report and Auditors' Report thereon. |
| 2. | To appoint a Director in place of Mr. Kumar C. Bhansali (DIN 00117998) who retires by rotation, and being eligible offers himself for re-appointment. |
| 3. | To appoint Auditors and to fix their remuneration |
| | To consider and, if thought fit to pass, with or without modification(s) the following Resolution as an Ordinary Resolution. |
| | "RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. JMR & Associates (Firm Registration No. 106912W) the Chartered Accountants, Mumbai, be and are hereby re- appointed as the Auditors of the Company to hold office from the Conclusion of this Annual General Meeting until the conclusion of the Next Annual General Meeting of the Company ,subject to ratification at every Annual General Meeting and to fix their remuneration thereon." |

Registered Office:
Off Premises No.701,
7th Floor, Majestic Shopping Centre
Premises Co-op. Soc. Ltd J.S.S. Rd
Mumbai 400004
 Date: 30th May,2014

By order of the Board

Kumar C. Bhansali
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report.

Pursuant to provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the company may appoint single person as proxy who shall not act as proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The register of members and the share transfer books of the Company will remain closed from 19th September, 2014 to 25th September, 2014 (both days inclusive).
4. The Members whose names appear in the Register of Members/list of Beneficial Owners as received from Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) on 22nd August, 2014 are entitled to vote by Ballot Paper attending Annual General Meeting in person(s) on the resolutions set forth in this Notice.



5. Voting through electronic means

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.
- II. The Members whose names appear in the Register of Members/list of Beneficial Owners as received from Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) on 22nd August, 2014 are entitled to vote on the resolutions set forth in this Notice. The Voting period will commence on Thursday, 18th September, 2014 at 9:30 am and will end on Saturday, 20th September, 2014 at 5.30.p.m.
- III. **The instructions for members for voting electronically are as under:-**
 - (A) **In case of members receiving e-mail:**
 - i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
 - ii) Log on to the e-voting website www.evotingindia.com.
 - iii) Click on "Shareholders" tab to cast your votes.
 - iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
 - v) Now, fill up the following details in the appropriate boxes:

| | For Members holding shares in Demat Form | For Members holding shares in Physical Form |
|------------------------|---|---|
| User ID | For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID | Folio Number registered with the Company |
| PAN* | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) | |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. | |

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <Default Value> in the PAN field.

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value <Default Value> in the DOB column or the <Default Value> in the Dividend Bank details field.

- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ %& *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the



Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.

- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(B) In case of members receiving the physical copy of Notice of General Meeting [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:

- i. Initial password is provided as below at the bottom of the Attendance Slip for the AGM.

| EVEN (E Voting Event Number) | USER ID | PASSWORD/PIN |
|---------------------------------|---------|--------------|
| | | |

- ii. Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

IV. The voting period begins at on Thursday, 18th September, 2014 at 9:30 am and will end on Saturday, 20th September, 2014 at 5:30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

V. The Company has appointed CS Jagdish Patel, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in fair and transparent manner.

VI. A copy of this notice has been placed on the website of the Company and the website of CDSL.

- 6. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.
- 7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 8. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- 9. Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.



10. At the ensuing Annual General Meeting, Mr. Kumar C. Bhansali (DIN: 00117998) retire by rotation and is being proposed for re-appointment as Director, the details as required under Clause 49 (IV)(v) of the Listing Agreement is given below:

Mr. Kumar C. Bhansali is the Managing Director of the company and has a vast experience in dealing of diamonds and in sales and marketing of the same. He has sound knowledge and practical experience in handling technical and financial aspects of the Companies.

**Registered Office:
Off Premises No.701,
7th Floor, Majestic Shopping Centre
Premises Co-op. Soc. Ltd J.S.S. Rd
Mumbai 400004.**

By order of the Board

Date: 13th August, 2014

**Kumar C. Bhansali
Managing Director**

**DIRECTOR'S REPORT**

To
The Members,

Your Directors have great pleasure in presenting their Twenty Seventh Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2014

1. FINANCIAL RESULTS:

(Rupees in Lacs)

| PARTICULARS | FOR THE YEAR ENDED 31-Mar-14 | FOR THE YEAR ENDED 31-Mar-13 |
|--|---|---|
| 1. FINANCIAL RESULTS | | |
| Sales (Incl. Exch. Difference) | NIL | 1009.76 |
| Other Income | 0.98 | 1141.56 |
| Profit before Interest & Depreciation (A) | (6,590.30) | (18830.82) |
| Less : 1) Interest | 4737.32 | 3,885.83 |
| 2) Depreciation | 228.60 | 325.41 |
| Total of Interest and Depreciation (B) | 4965.92 | 4211.24 |
| Misc items (C) | 338.64 | 381.63 |
| Profit before taxation (A-B-C) | (11894.87) | (23423.68) |
| Provision for & Deferred Taxation | NIL | 1417.02 |
| Profit after taxation | (11894.87) | (25126.45) |
| Bal in P & L Account brought/forward | (8874.61) | 16251.84 |
| | (20769.48) | (8874.61) |
| 2. APPROPRIATIONS | | |
| Proposed Dividend (incl Tax) | - | - |
| Transfer to General Reserve | (20769.48) | (8874.61) |
| Balance carried forward | (20769.48) | (8874.61) |

2. DIVIDEND:

In view of loss during the year the management has decided not to declare the dividend

3. LISTING ON NSE & BSE:

The shares of your company are listed on the Bombay Stock Exchange Limited (BSE Code: 523200) and the National Stock Exchange of India Limited (NSE Code: CLASSIC EQ)

4. FINANCE:

The Company's accounts where they were having limits with the Banks has been declared NPA (Non Performing Assets) by the Bank for non realization of export proceeds. The directors of the Company are trying their best to realize the export proceeds at the earliest

**5. DIRECTORS:**

The Company has 4 Directors. The following is the list of Directors of the Company:

| Name of the Director | Designation |
|----------------------|------------------------------------|
| Kumar C. Bhansali | Chairman & Managing Director |
| Nirav Bhansali | Whole Time Director |
| Madhukar G. Patankar | Independent Non-Executive Director |
| Nishikant Jha | Independent Non-Executive Director |

6. AUDITORS:

M/s JMR & Associates Chartered Accountants will continue to hold the office of Auditor as per Section 139 of the Companies Act 2013 from the conclusion of this Annual General Meeting, until the conclusion of Twenty-Eight Annual General Meeting to be held after this meeting, subject to ratification at every Annual General Meeting and to fix their remuneration for the financial year ending 31st March, 2014.

7. CORPORATE GOVERNANCE:

A separate section on Corporate Governance is included in the Annual Report and the certificate from the company's auditors confirm the compliance of conditions on Corporate Governance as stipulated in the said clause 49 of the Listing Agreement annexed thereto.

8. FIXED DEPOSIT:

The company has not invited or accepted any deposit during the financial year 2014- 2015 under review under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pursuant to Section 134(3) (m) of the Companies Act, 2013 is given below:

A. CONSERVATION OF ENERGY

As the company is not covered in the list of industries required to furnish information in Form A relating to conservation of energy, the same is not given.

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which the company carries out R & D:

The Company has been successful in manufacturing its own Laser Cutting Machine for the Diamond factory. In the jewellery sector in house design and manufacture of certain consumables are carried out.

2. Benefits derived as a result of the above R & D:

The Company achieves better productivity and cost reduction.

Reduction in Production leads time

Reduction in rework and rejection in the manufacturing process

Total traceability of each piece during the entire manufacturing process through in house software development

3. Future plan of Action:

The company will strive to improvise the manufacturing methodology to effect further cost reduction and increase productivity.

4. Expenditure on R & D:

a. Capital NIL

b. Recurring NIL

c. Total R & D expenditure as included in the manufacturing cost percentage of total turnover NIL

5. Efforts in brief made towards Technology absorption and innovation:

The company keeps abreast of global technical developments, innovations and trends in its line of business and strives to constantly reduce costs and improve the quality of its products.

6. Benefits derived as a result of the above efforts e.g. cost reduction, product development and improvement; import substitution etc. will be reflected in precision manufacturing of high quality products and substantial



cost reduction.

7. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:

The Company has not imported any technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information regarding foreign exchange earnings and outgo is given below:

| | |
|-------------------------------|-------|
| Total Foreign Exchange used | : NIL |
| Total Foreign Exchange earned | : NIL |

12. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 134(3) (c) of the companies act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis and
- that in case of listed company, had laid down internal function controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
- that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

13. CAUTIONARY STATEMENT:

Statements in this Directors Report and Management Discussion & Analysis describing the Companies objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable Securities laws and regulations. Actual results could differ materially from those expressed or implied due to risk of uncertainties associated with our expectations with respect to, but not limited to, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business, technological changes, exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, the performance of the financial markets in India and globally and raw material availability and prices, demand & pricing in the Company's principal markets, and other incidental factors.

14. ACKNOWLEDGEMENT:

The Directors wish to convey their appreciation to all the employees of the company for their personal efforts as well as for the excellent contribution made by all employees of the Company through their commitment, competence, co-operation and diligence to duty their collective contribution in such trying times, which enabled the company to meet the challenges set before it.

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the banks during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the continued support of customers and suppliers of the company.

Your Directors thank the shareholders for their confidence in the company.

BY THE ORDER OF THE BOARD

Mr. Kumar C. Bhansali
Chairman & Managing Director

Mr. Nirav K. Bhansali
Whole Time Director

Registered Office:
Off Premises No.701, 7th Floor,
Majestic Shopping Centre Premises Co-op.Soc.ltd.
J.S.S. Rd., Mumbai 400 004
Dated: 30th May, 2014

**REPORT ON CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a report of Corporate Governance is given below:

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The essence of Corporate Governance lies in its transparency, its efficiency lies in its ability to protect the stakeholders' interest. Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholders value and discharging of social responsibility. The Company remains accountable to shareholders and other stakeholders for its actions. The Company conducts its activities in a manner that is fair and transparent to all stakeholders.

2) BOARD OF DIRECTORS:**a) Composition and size of the Board:**

The Board has a required combination of Executive, Independent and Non- Executive directors as per the Listing Agreement. The Board is chaired by an Executive Director and total strength of the board was of 4 Directors as on 31st March, 2014, Comprising of 1 Whole time, / Executive Directors, 1 Managing Director and 2 Independent Directors.

b) Board Meetings:

Four Board Meetings were held at Mumbai during the year under review. The Board Meetings were held on with the maximum gap between two Board Meetings did not exceed the limits prescribed in clause 49 of the Listing Agreement. Details of the attendance at Board Meeting and Annual General Meeting held on 23rd September, 2013 by the Directors, together with the number of their Directorships and Memberships of the SEBI-designated Board Committees of other companies are as follows:

| Name of Directors | Category of Directors | Board Meetings attended during 2013-14 | Attendance at the Last A.G.M | No. of other Directorship** | Membership of Board Committees Of other Companies |
|------------------------|--|--|------------------------------|-----------------------------|---|
| Mr. Kumar C. Bhansali | Chairman & Managing Executive Director | 04 | YES | ONE | NIL |
| Mr. Nirav K. Bhansali | Whole-time Executive Director | 01 | NO | ONE | NIL |
| Mr. Madhukar Pantankar | Non-Executive Independent Director | 04 | NO | NIL | NIL |
| Mr. Nishikant Jha | Non-Executive Independent Director | 04 | NO | NIL | NIL |

**This excludes Directorship held in other Private Limited Companies.

c) Shareholding of Non-Executive Directors as on 31st March, 2014:

| Sr. No. | Name of the Directors | Shareholdings in the Company |
|--------------|-----------------------|------------------------------|
| 1. | Mr. Madhukar Patankar | Nil |
| 2. | Mr. Nishikant Jha | Nil |
| TOTAL | | Nil |
| | | |



3) **COMMITTEES OF DIRECTORS:**

The Board has constituted the following three Committees of Directors:

- a) Audit Committee
- b) Remuneration Committee
- c) Investor's Grievance Committee

a) **Audit Committee:**

The Committee noted the following were the terms of reference specified by the Board:

1. To monitor the integrity on subjects relating to accounting standards, internal controls and financial policies.
2. To examine the Company's financial reporting process and proper disclosure of its financial information.
3. To oversee the financial statement before it is submitted to the Board of Directors.
4. To have discussion with Management regarding the effectiveness of the Company's internal control system.
5. To hold prior discussion with external auditors regarding scope and nature of audit before commencement of the audit and also to conduct post audit discussion on areas of concern.

The Audit Committee met three times during the year on 12th August 2013; 12th November 2013 & 12th February 2014. The composition, names of the members, chairperson of the meeting and attendance of the members during the year are as follows:

| Sr. No. | Names of Members | Designation | Category of Director | No. of Meetings Attended |
|---------|-----------------------|-------------|----------------------------|--------------------------|
| 1. | Mr. Nishikant Jha | Chairman | Independent Non-Executive. | 3 |
| 2 | Mr. Madhukar Patankar | Member | Independent Non-Executive. | 3 |
| 3. | Mr. Kumar C Bhansali | Member | Non-Independent Executive. | 3 |

Note:

The minimum number of members to constitute an Audit committee should be 3 directors with independent directors forming a majority as per section 177 of The Companies Act, 2013. Thus, we conclude that company has duly complied with this provision

b) **Remuneration Committee:**

The Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/Whole time Directors, based on performance and defined criteria. Mr. Nishikant Jha is the Chairman of the Committee. The Committee has been authorized to determine the remuneration package for any Executive Directors as well as remuneration payable to the non-executive Directors from year to year.

The Remuneration Committee has met once during the year on 21st March, 2014. The composition of the committee is as follows:

| Sr No. | Name of the Members | Designation |
|--------|---------------------|-------------|
| 1 | Nishikant Jha | Chairman |
| 2 | Madhurkar Patankar | Member |
| 3 | Kumar Bhansali | Member |

Details of Remuneration to the whole time directors and Non-Executive directors for the year ended 31st March, 2014 are as follows:

The Chairman informed that the Company is doing skeletal trading and the activities has come to a standstill and is not likely to make any profit during the current year. Based on the above he felt that there should be no reviewing of the remuneration of the employees of the company. The sitting fees paid to the independent directors are as under.

| Director | Relationship with other Directors | Business Relationship | Sitting Fees | Salary/ Perquisites/ Gratuity | Contribution To P.F. | Total |
|-----------------------|-----------------------------------|-----------------------|--------------|-------------------------------|----------------------|-------|
| Mr. Nishikant Jha | None | None | NIL | NIL | NIL | NIL |
| Mr. Madhukar Patankar | None | None | NIL | NIL | NIL | NIL |