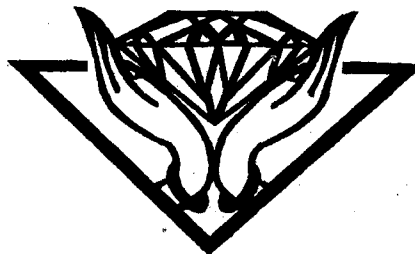


**21<sup>st</sup>**  
**Annual Report**  
**2007-2008**



**Mini Diamonds**  
**(India) Ltd.**



## MINI DIAMONDS (INDIA) LTD.

### 21ST ANNUAL REPORT 2007-2008

**BOARD OF DIRECTORS** : Mr. Upendra N. Shah, Promoter - Chairman & Managing Director  
Mr. Himanshu K. Shah - Promoter & Executive  
Mr. Mahadev P. Desai - Independent & Non-executive  
Mr. Dilip K. Thakker - Independent & Non-executive  
Mr. Vikas Upendra Nayak - Independent Non-executive  
Mr. Dilip J. Shah - Independent Non-executive & Compliance Officer

**AUDITORS** : V. A. Parikh & Associates,  
Chartered Accountants, Mumbai

**REGISTERED OFFICE** : 7-A, Nusser House, Ground Floor,  
Opp. Panchratna Building, Opera House,  
Mumbai- 400 004.  
Tel no: 223071210/0940  
Fax: 223649910  
Email: minidiamonds@yahoo.com

**REGISTRARS & SHARE  
TRANSFER AGENTS** : M/s Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House, 28 - D Police Court  
Lane, Behind Old Handloom House, Fort,  
Mumbai - 400 001.  
Tel No: 23016761, 23018261  
Fax No.: 22626407  
Email: purvashr@mtnl.net.in

**21ST ANNUAL REPORT 2007-2008****NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Twenty-First Annual General Meeting of MINI DIAMONDS (INDIA) LIMITED will be held at Vanitavishram, 392, S V P Road, Prathana Samaj, Mumbai – 400004 on Monday, September 29, 2008 at 2.30 P.M to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2008, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. Mahadev Desai, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dilip Thakker, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

"RESOLVED THAT V. A. PARIKH & ASSOCIATES, Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with the audit of the Accounts of the Company, which remuneration may be paid on progressive billing basis to be agreed between the Auditors and the Board of Directors."

By order of the Board

Place: Mumbai  
Date : June 30, 2008

**Upendra N. Shah**  
Chairman & Managing Director

**Registered Office:**

7-A, Nusser House, Ground Floor,  
Opp. Panchratna Building,  
Opera House, Mumbai- 400 004.

**Notes :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.

**21ST ANNUAL REPORT 2007-2008**

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 08 to September 29, 2008 (both days inclusive) for the purpose of Annual General Meeting.
4. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed Form 2B to the Registrar & Transfer Agents of the Company.
5. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
6. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
7. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
8. Members are requested to bring their copy of Annual Report to the Meeting.
9. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.
10. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings bank account to their respective Depository Participants.
11. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s Purva Sharegistry (India) Private Limited, 33, Printing House, 28 - D Police Court Lane, Behind Old Handloom House, Fort, Mumbai - 400 001. Tel No: 23016761, 23018261 Fax No.: 22626407.
12. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.
13. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

By order of the Board

Place: Mumbai  
Date : June 30, 2008

**Upendra N. Shah**  
Chairman & Managing Director

**Registered Office:**

7-A, Nusser House, Ground Floor,  
Opp. Panchratna Building,  
Opera House, Mumbai- 400 004.

## 21ST ANNUAL REPORT 2007-2008



### **INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT & APPOINTMENT OF DIRECTORS.**

**Mr. Mahadev Desai**, joined the Board on January 30<sup>th</sup>, 2003. Mr. Mahadev Desai has experience in manufacturing of Diamond Studded Gold Jewellery and Cut and Polished Diamonds. Since last ten years he is mainly concentrated in jewellery manufacture and its exports.

**Mr. Dilip Thakker**, joined the Board on December 8, 2005. He has gained first hand knowledge and experience of the international jewellery business .



**21ST ANNUAL REPORT 2007-2008****DIRECTORS' REPORT**

The Members of  
**MINI DIAMONDS (INDIA) LIMITED**

Your Directors present herewith the 21<sup>st</sup> Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2008.

**1. FINANCIAL RESULTS****(Amount in Rs.)**

	<b>2007-08</b>	<b>2007-06</b>
Sales	208114760.01	8,52,66,885
Profit/(Loss) before interest, depreciation and taxation	2403753.26	27,07,255
Less: Interest	122373.00	5,450
Depreciation	40461.00	37,226
Profit/Loss before Taxation	2240919.26	26,64,579
Profit/Loss after Taxation	1524800.26	22,22,071
Add: Balance in Profit and Loss A/c brought forward	157385	20,64,685
Balance Carried to Balance Sheet	1682185.26	1,57,385

**2. MANAGEMENT DISCUSSION AND ANALYSIS****a) INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Indian Gems & Jewellery industry is highly fragmented with a large number of players. A large portion of the market is in the unorganized sector. India is gaining prominence as an international sourcing destination for high quality designer jewellery. Famous international jewellers / stores like Walmart, JC Penney etc. procure jewellery from India. The Indian diamond trade generates over 4 billion dollars in exports every year. 11 out of 12 diamonds around the world are cut, polished and processed by Indian units. India has a 95 per cent share in terms of pieces in the global production of cut and polished diamonds.

India has the distinction of being the most technologically advanced diamond cutting centre in the world and is the fastest growing jewellery market in the world. Branded jewellery is likely to be fastest growing segment in domestic sales which is expected to grow at 40% p.a. to USD 2.28 billion by 2010.

**b) OPPORTUNITIES AND THREATS****OPPORTUNITIES**

There is a large market for Gems & Jewellery with domestic sales of over \$10 billion. India has 4% of the global Gems and Jewellery market and is the largest consumer of gold jewellery in the world and accounts for about 20% of world consumption. India is the largest diamond cutting and polishing center in the world and accounts for 60% value share, 85% volume share and 92% share of the world market by number of pieces, and is the third largest consumer of polished diamonds after USA and Japan.

**THREATS**

- The recessionary trends present a treat in terms of likely decline in consumer demand. The growth in emerging markets has so far compensated for the decline in US and Japan and the expects the trend to continue.
- Jewellery being a luxury item, recession is one of the threats faced by the Company, as this means less spending by consumers and less sales for the Company.

## 21ST ANNUAL REPORT 2007-2008



### c) SEGMENT- WISE PERFORMANCE

The Company is engaged in export of cut and polished diamond jewellery. Rough diamonds are imported first and then exported after cutting and polishing them. Majority of its exports is to Hongkong, Dubai, Thailand and Belgium. The Fixed Assets & Inventories used in the company's business are not identifiable to any particular reportable segment and can be used interchangeably among geographical segments. Consequently, management believes that it is not practical to provide segment disclosures relating to total assets since a realistic analysis among the various geographic segments is not possible.

### d) OUTLOOK

The Company has expanded its footprint across the globe in the past few years. These overseas entities have now started to increase their penetration. This elaborate distribution infrastructure has been designed to support the Company's aggressive growth plan. The Company remains committed in developing its branded products across the globe and providing exciting premium product propositions to the end-consumer. The future of the Company is quite promising as more and more buyers across the world are turning to India as their preferred source for quality jewellery. Mini Diamonds (India) Limited has strategically focused on exporting to wholesalers. Thus the Company Supplies Quality **diamonds (Cut & Polished ) to wholesalers** and jewelers all over India and in many countries abroad like USA, Germany, Canada, Israel etc.

### e) RISK MANAGEMENT:

The company considers risk management to be one of the most critical components of its business framework. During the year, risk management systems were further strengthened and fine-tuned to effectively manage the risks confronted by the company. Similarly, well-established and documented systems and procedures provide defence against the operational risk. The Company assesses the risk on quarterly basis.

### f) INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control systems, which provide, inter- alia, reasonable assurance of recording the transactions of its operations in all material respects and providing protection against misuse or loss of Company assets.

### g) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Total Income achieved during the year under review is Rs. 6,06,2,028.01 as against Rs. 4,427,980.0 in the previous year. The amounts of exports have increased from Rs. 85,266,885 in the previous year to Rs.208,114,760.01 in the current year.

### h) HUMAN RESOURCES

People are our the most vital resources of the Company. The success or failure of the organization is directly linked to the talent of the work force that it is able to attract, retain & engage. We have created a favourable work environment that encourages innovation and meritocracy in our employees which are our greatest resource of sustainable competitive advantage.

We believe that to enhance the market presence of the Company, it is important that new personnel entering the organization are highly skilled, qualified and emotionally attached to the organization. The rollout of this initiative has been extremely well received by the target audience and also by customers, opinion leaders and the media.

In our Company the key focus has been to change the mindset from "Human resource utilization" to "Nurturing and leveraging Talent" Employee engagement remains a key focus of HR initiatives undertaken by our Company. The company helps employees to build new skills and competencies and also promotes knowledge sharing and team building. Harmonious and constructive relations between the management and workmen help to maintain a cordial work atmosphere and achieve business growth.



**21ST ANNUAL REPORT 2007-2008****3. CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance together with a Certificate from Practicing Company Secretaries is annexed as part of the Annual Report.

**4. COST AUDIT**

The Company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

**5. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 that

- a) In the preparation of the Annual Accounts for the year ended March 31, 2008, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) The Directors 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 ended March 31, 2008 and of the profit of the Company for that year.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year ended March 31, 2008, on a going concern basis.

**6. DIRECTORS**

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. Mahadev Desai and Mr. Dilip Thakker, retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

**7. STATUTORY AUDITORS**

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, V. A. PARIKH & ASSOCIATES, Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under Section 224(1B) of the Companies Act, 1956.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO**

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable. The total exports for the year 2007-2008 amounts to Rs. 203, 630, 671.01. The Company is concentrating more on export of high value added, polished diamonds and designer jewellery.

**9. PARTICULARS OF EMPLOYEES**

There are no such employees pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 as amended by the Companies Amendment Act 1988. Hence no particulars of such employees are required to be appended to this report.

For and on behalf of the Board of Directors

Place: Mumbai

Date : June 30, 2008

**Upendra N. Shah**

Chairman & Managing Director

**Registered Office:**

7-A, Nusser House, Ground Floor,  
Opp. Panchratna Building,  
Opera House, Mumbai- 400 004.





## REPORT OF CORPORATE GOVERNANCE 2007-2008

### 1. Company's philosophy on Corporate Governance

MINI DIAMONDS (INDIA) LIMITED believes in abiding by the Code of Corporate Governance so as to be a responsible corporate citizen and to serve the best interests of all the stakeholders, viz., the employees, shareholders, customers, and society at large. The Company seeks to achieve this goal by being transparent in its business dealings by disclosure of all relevant information in an easily understood manner, and by being fair to all stakeholders, by ensuring that the Company's activities are managed by a professionally competent and Independent Board of Directors.

The Indian Domestic Diamond Jewellery market is estimated at more than Rs. 8000 Crores. A large part of the growth in the Gem & Jewellery is fuelled by the branded segment, which hurtled northwards at an amazing growth rate of more than 35%. The branded jewellery market in India is likely to touch USD 2.28 Bn by 2010. Organised players still account for less than 5 % of the total estimated market as traditionally Indians have relied on close relatives, friends or people known to them for procuring precious jewellery. However, this equation is expected to change gradually in favour of the organized players. For retailing of branded jewellery, the Company has geared itself for establishing a large and strong retail setup with a Pan India presence. The organized jewellery market rapidly and consumers are increasingly willing to visit branded jewellery stores for even serious jewellery shopping. The exports potentials too are enormous. The gems and jewellery industry and diamond polishing, India is the most technologically advanced diamond cutting centre in the world, opportunity to address one of the world's largest and fastest growing Gems and Jewellery markets, opportunity to leverage India's strengths to address the global market.

Corporate Governance represents the value, ethical and moral framework under which business decisions are taken. The investors want to be sure that not only is their capital handled effectively and adds to the creation of wealth, but the business decisions are also taken in manner which is not illegal or involving moral hazard. For us good governance and good business is not a destination but a continuous journey. The Company is of the view that good Governance goes beyond good working results and financial propriety and is pre-requisite to attainment of excellent performance in terms of stakeholders' value creation. In India, Corporate Governance standards for listed Companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. As a Company, which believes in implementing and adopting best-in-class corporate governance policies, MINI DIAMONDS (INDIA) LIMITED has adopted practices mandated in the revised Clause 49 and has established procedures and systems to be fully compliant with it.

Your Company practices a culture that is on core values and ethics. A Report on compliance with Code of Corporate Governance as prescribed by the Securities Exchange Board of India and incorporated in the Listing Agreement is given below:

1. Provide an enabling environment to harmonize the goals of maximizing stakeholder value and maintaining a customer centric focus.
2. Have a simple and transparent corporate structure driven solely by business needs.
3. Communicate externally, in a truthful manner, about how the Company is run internally.
4. Make clear distinction between personal conveniences and corporate resources.
5. Be transparent and maintain a high degree of disclosure levels in all facets of its operations.
6. To ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value.
7. Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

Your Board of Directors presents the Corporate Governance Report for the year 2007- 2008.

**21ST ANNUAL REPORT 2007-2008****2. Board of Directors****a. Size and Composition of Board**

The composition and category of Directors as on March 31, 2008 are as under:-

Name of Directors	Category	No. of Directorships in other Companies		No. of Membership/ Chairmanship of other Board Committees	
		Public	Private	Member	Chairman
Mr. Upendra N. Shah	Promoter, Chairman & Managing Director	-	-	-	-
Mr. Himanshu K. Shah	Promoter & Executive	-	3	-	-
Mr. Mahadev P. Desai	Independent & Non-executive	-	-	-	-
Mr. Dilip K. Thakker	Independent & Non-executive	-	-	-	-
Mr. Vikas U. Nayak	Independent Non-executive	-	-	-	-
Mr. Dilip J. Shah	Independent Non-executive	-	1	-	-

**a. Attendance at Board Meeting and Annual General Meeting :-**

During the accounting year 2007-08, six Board Meetings were held on 30th April 2007, 4th May 2007, 31st July 2007, 30th August 2007, 31st October 2007, and 31st January 2008.

The Annual General Meeting of the Company for the financial year 2006-2007 was held on September 25<sup>th</sup> 2007.

Attendance at Board Meeting and last Annual General Meeting:-

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Upendra N. Shah	3	Present
Mr. Himanshu K. Shah	4	Present
Mr. Mahadev P. Desai	3	Present
Mr. Dilip K. Thakker	3	Present
Mr. Vikas Upendra Nayak	4	Present
Mr. Dilip J. Shah	4	Present

**a. Board's Functioning & Procedures:-**

The Board has complete access to any information within the Company. At meetings of the Board, it welcomes the presence of Managers who can provide additional insights into the items being discussed.

The items placed at the Meeting of the Board include the following:-

- Unaudited Quarterly/half yearly financial results and audited annual accounts of the Company including segment wise revenue, results and capital employed, for consideration and approval,
- Minutes of meetings of audit, share holders grievance committee and remuneration committee,
- Abstracts of circular resolutions passed,
- General notices of interest,
- Sale and/or purchase of investments, fixed assets.
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any.
- Related party transactions,
- Reviewing the company's financial and risk management policies.
- Reviewing the business plan and strategy of the Company.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.