

**MINI DIAMONDS
(INDIA) LTD.**

26th Annual Report

2012-2013



MINI DIAMONDS (INDIA) LIMITED

26th ANNUAL REPORT 2012-2013

COMPANY INFORMATION

| | | |
|---------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BOARD OF DIRECTORS | : | Mr. Upendra N. Shah - Promoter, Chairman & Managing Director Mr. Himanshu K. Shah - Promoter & Executive Mr. Samay Koradia - Independent & Non-executive Mr. Mihika Shah - Independent & Non-executive Mr. Dilip Jaswant Shah - Director Mr. Sameep B. Shah - Independent & Non-executive |
| REGISTERED OFFICE | : | 7-A, Nusser House, Ground Floor, Opp. Panchratna Building, Opera House, Mumbai- 400 004. Tel No.: 23671210 / 23670940 Fax : 23649910 Email: minidiamonds@yahoo.com |
| AUDITORS | : | M/s. V. A. Parikh & Associates, Chartered Accountants, Mumbai |
| REGISTRARS & SHARE TRANSFER AGENTS | : | M/s Purva Sharegistry (India) Pvt. Ltd. Unit No. 9, Shiv Shakti Ind. Estt., J .R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai - 400 011. Email: purvashr@mtnl.net.in |



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of **MINI DIAMONDS (INDIA) LIMITED** will be held at the Registered Office of the Company situated at 7-A Nussar House, Ground Floor, Opp. Panchratna Bldg, Opera House, Mumbai – 400004, Monday, 30th September, 2013 at 09:00 A.M. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2013, 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. Sameep Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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."

Special Business:

4. To regularize the appointment of Mr. Samay Koradia as an Independent Non-Executive Director of the Company, liable to retire by rotation.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Samay Koradia, who was appointed as an Additional Independent Non-Executive Director by the Board of Directors on May 29, 2013 and who holds the office upto ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 alongwith the necessary deposit from the shareholder proposing the candidature of Mr. Samay Koradia be and is hereby appointed as an Independent Non – executive Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution any Director be and is hereby authorized to take such steps as may be necessary to give effect to the aforesaid resolution."

5. To regularize the appointment of Ms. Mihika Shah as an Independent Non-Executive Director of the Company, liable to retire by rotation.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Ms. Mihika Shah, who was appointed as an Additional Independent Non-Executive Director by the Board of Directors on May 29, 2013 and who holds the office upto ensuing Annual General Meeting of the Company under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 alongwith the necessary deposit from the shareholder proposing the candidature of Ms. Mihika Shah be and is hereby appointed as an Independent Non – executive Director of the Company liable to retire by rotation.

Place : Mumbai

Date : 21st September, 2013

By order of the Board

Sd/-

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, 2013, 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. An Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to the special business to be transacted at the meeting in annexed hereto.
3. Members/Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2013 to 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
6. 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.
7. 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.
8. 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. 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.
9. Members are requested to bring their copy of Annual Report to the Meeting.
10. 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.
11. 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.
12. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s Purva Sharegistry (India) Private Limited, Purva Sharegistry (India) Pvt. Ltd., Unit no. 9, Shiv Shakti Ind. Estt., J.R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai 400 011 . Tel No: 22-2301 6761 / 8261, Fax No.: 22-2301 2517
13. 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.
14. 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.

**EXPLANATORY STATEMENT**

As required by Section 102 (1) of the Companies Act, 2013

Item No. 4 :

Mr. Samay Koradia was appointed by the Board of Directors as an Additional Director of the Company with effect from 29th May, 2013. In accordance with the provisions of Section 161 of the Companies Act, 2013 and Article 135 of the Articles of Association of the Company he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director. A brief resume of Mr. Samay Koradia is annexed to this Notice.

None of the Directors except Mr. Samay Koradia is interested in the said Resolution.

Item No.5 :

Ms. Mihika Shah was appointed by the Board of Directors as an Additional Director of the Company with effect from 29th May, 2013. In accordance with the provisions of Section 161 of the Companies Act, 2013 and Article 135 of the Articles of Association of the Company he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature for the office of Director. A brief resume of Ms. Mihika Shah is annexed to this Notice.

None of the Directors except Ms. Mihika Shah is interested in the said Resolution.

Place : Mumbai

Date : 21st September, 2013

Registered Office :

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

By order of the Board

Sd/-

Upendra N. Shah

Chairman & Managing Director

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

1. Mr. Samay Koradia joined the Board on 29th May, 2013. Mr. Samay Koradia has about 5 years of experience in the Business.

Shareholding of Mr. Samay Koradia is Nil as on 29th May, 2013.

2. Ms. Mihika Shah joined the Board on 29th May, 2013. Ms. Mihika Shah has about 2 years of experience in the Business.

Shareholding of Ms. Mihika Shah is Nil as on May 29, 2013.

Place : Mumbai

Date : 21st September, 2013

Registered Office :

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

By order of the Board

Sd/-

Upendra N. Shah

Chairman & Managing Director



DIRECTORS' REPORT

The Members of MINI DIAMONDS (INDIA) LIMITED

Your Directors have great pleasure in presenting the 26th Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2013.

FINANCIAL RESULTS:

| PARTICULARS | 2012 - 2013 | 2011 - 2012 |
|--------------------------------------------------------------------|-------------------|-------------------|
| Total Income from Sales | 43,45,59,559.00 | 29,44,87,350.00 |
| Less: Cost of Goods Sold | (41,81,25,193.00) | (28,13,22,414.00) |
| Other Income | 4,435.00 | 38,044.00 |
| Total Income | 1,64,38,801.00 | 1,32,02,980.00 |
| Less: Operating Expenditure | (83,17,332.00) | (65,86,102.00) |
| Less: Financial Expenses | (11,50,330.00) | (7,37,427.00) |
| Profit before Depreciation, Interest and Tax | 69,71,139.00 | 58,79,451.00 |
| Less: Depreciation | (9,35,587.00) | (10,97,964.00) |
| Less: Interest | (32,23,126.00) | (23,00,593.00) |
| Profit before Taxes | 28,12,426.00 | 24,80,894.00 |
| Less: Income Tax / Fringe Benefit Tax written off | - | (70,080.00) |
| Less: Interest on Income Tax | | |
| Less: Provision for Taxation-Current/earlier years (including FBT) | (10,26,977.00) | (8,15,540.00) |
| Net Profit for the year | 17,85,449.00 | 15,95,274.00 |
| Add: Balance brought forward from the Previous year | 69,60,535.00 | 53,65,261.00 |
| Balance carried to Balance Sheet | 87,45,984.00 | 69,60,535.00 |

DIVIDEND:

Your Directors have not recommended any dividend for this financial year.

MANAGEMENT DISCUSSION AND ANALYSIS:

a) Industry Structure and Developments:

The Indian gem and jewellery industry has witnessed a marginal decline of 0.36% in FY 2012-2013 owing to the decrease in trading exports of diamonds. The total gem & jewellery industry exports were recorded at US\$ 42839 million (INR 204823 crores) in FY 2012-13 as compared to US\$ 42995 million (INR 195735 crores) in April 2011 – March 2012. Though in dollar terms there is a marginal drop of 0.36%, the exports mark an increase of 4.6% in rupee value. The gem & jewellery sector accounted for 14% of India's total merchandise exports in FY 2012-2013.

The growth in the sector was primarily driven by Gold Jewellery which registered an increase of 30% in FY '13. The exports grew from US\$ 12695 million (INR 57747.67 crores) in 2011-2012 to US\$ 16517 million (INR 79430.26 crores) in 2012-2013.

Cut and Polished Diamonds (CPD) witnessed a decline of 17.3% with exports decreasing from US\$ 28217 million in 2011-2012 to US\$ 23329 million in 2012-2013.

Coloured gemstone exports witnessed an increase of 9.10% in dollar terms with sector recording growth from US\$ 314.20 million in 2011-2012 to US\$ 342.80 million in 2012-2013.



UAE was the largest exporting destination with 44% of Exports to the market, followed by Hong Kong with 25% and USA with 12% of exports.

An increase in import figures of rough diamonds indicates stable growth of trade at the manufacturing level and growth in exports.

There has been a substantial decline in import of polished diamonds during January to March 2012 more than 70% in a month post introduction of 2% duty on C&PD. In the annual figure the decline is 30% in 2012-13 in comparison to previous year. It is expected that the total import of polished diamonds at US\$14.3 bn in 2012-13 may eventually come down significantly in 2013-14.

b) Opportunities and Threats:

(i) Opportunities:

The jewellery industry is growing at a whopping rate with the boom in the domestic and exports of Indian jewellery, the shining materials of India brings more sparkle to the economy. Gems and jewellery export stands the second major foreign exchange earner for the country. India has many natural advantages to emerge as Gems & Jewellery hub of the world. India has the largest and the best artisan force for designing and crafting the jewellery in the world. There is considerable scope of value addition in terms of capacity building at the domestic front, quality management and professionalism.

India is the world's largest manufacturing centre for gems and jewellery and the Industry contributes over 12% to the total export earnings of the country and employs highly skilled 1.5 million workers. The gems and jewellery industry is a major exchange exchequer as major portion (around 80%) of its turn over was contributed by exports. Diamonds contribute to nearly 80% of the entire turnover and of this industry and hence many times the terms 'gems and jewellery industry' and 'diamond industry' are used as synonyms.

(ii) Threats:

Although India currently enjoys dominance in the world's cut and polished diamonds market, China may emerge as a viable rival, if not in the near term, certainly in the longer term. An increasing number of diamond processors from Israel and Belgium, and even India, are setting up facilities in China for a variety of reasons, according to the report on the Indian gems and jewellery industry. The primary reasons for these are:

- (i) The labour force there, like in India, is cheap and disciplined.
- (ii) High economic growth in China over the past decade has resulted in a significant increase in potential consumers in the high – income segment within the country.
- (iii) Quality of workmanship and technological development (technical expertise) are the other areas where the Indian industry faces a threat from China.

c) Segment wise Performance:

The Company is in the business of Rough Diamonds and Polished Diamonds. The Company has two segments one is manufacturing and other is trading. The detailed reporting of segment wise performance of the Company is mentioned in point J Notes to Accounts of the Auditor's Report.

d) Future Outlook:

As industry survey stated, there has been a slowdown in the economy specially in the developed economies and it may continue for sometime due to demand contraction in the developed markets such as the US and the European Union,. However, very recent figures and increase in consumer confidence across globe have boosted the industry confidence and experts are hoping for quick revival of consumer demand and growth in industry. All India Gem and Jewellery Trade Federation (GJF) are targeting growth from US \$ 16.79 billion to US \$ 26.23 billion by the year 2013.

India possesses the world's most competitive gems and jewellery market due to its low cost of production and availability of skilled labour. As per the new research report "Indian Gems and Jewellery Market - Future Prospects to 2011", highly skilled and low cost manpower, along with strong government support in the form of incentives and establishment of SEZs, has been the major driver for the Indian gems and jewellery market. The market also plays a vital role in the Indian economy



as it is a leading foreign exchange earner and accounts for more than 12% of India's total exports. Currently the Indian market remains highly fragmented, but is rapidly transforming into an organized sector.

The Indian Diamond Industry is witnessing a divergent trend in the demand for cut and polished diamonds and maintaining its Global Presence. The Jewellery Industry is also having its presence felt in the local as well as global market. The new Government and its economic policies will have an impact on the economic reforms and also on the Gem and Jewellery Industry. The Rupees / Dollar fluctuations is having a lot of impact on the performance of the industry and continues to do so in future also because the exports are linked to dollar. The overall demand in the world market is excellent but due to problems faced by the U.S. economy the demand will be sluggish until and unless there is improvement in the oil price. Revaluation of Yuan of China will have cost bearing effect in the labour market. This will open up the market for Indian Diamond and Jewellery and increase its presence. The cash flow of the company is very encouraging with the significant growth in terms of turnover as well as profitability. Currently, the industry is facing a slowdown due to global economic turmoil. But due to various government efforts and incentives coupled with private sector initiatives, the Indian gems and jewellery sector is expected to grow at a CAGR of around 14% from 2009 to 2012. At present, the Indian gems and jewellery market is dominated by the unorganized sector; however, the trend is set to change in near future with the branded jewellery market growing at an expected CAGR of more than 41% in the coming four years.

The outlook for the Industry and consequently for the Company during the current financial year is reasonably good, subject however, to the effects of prevailing disturbed scenario in the different parts of the world. The Company is putting a lot of efforts to strengthen its financial position by increasing its working capital so as to expand its operations and export business. In view of the demand for Cut and Polished Diamonds and Diamond Studded Jewellery there is a continuous, growth in diamond business. There is enough potential in the Indian and Overseas market for the Companies engaged in diamond trade and export. The Company's policy is to maintain goodwill in the market and flawless perfection at all levels. Customer's satisfaction is the top most priority.

e) Risk Management:

Risk is an important element of corporate functioning and governance. Your Company has established the process of identifying, analyzing and treating risks, which could prevent the Company from effectively achieving its objectives. It ensures that all the risks are timely defined and mitigated in accordance with the well structured risk management Process.

f) Internal Control Systems:

The Company has designed an effective Internal Control System to balance the financial, operational, compliance and other risks and explore its business opportunities at the fullest to achieve its desired objectives.

g) Financial performance with respect to operational performance:

The turnover of the Company has increased to INR 43,45,59,559/- as compared to INR 29,44,87,350/- in the previous year. Despite the global recession affecting the domestic market as well, the Company has established itself in the local market with an increasing sale.

h) Human Resources:

People are the most valued assets of the Company. They work individually and collectively contributing to the achievement of the objectives of the business. The relation between the employees and the Company remained cordial throughout the year. Your Company's corporate culture and the vision and values help unite the workforce and provide standards for how your Company conducts the business.

i) Code of Conduct:

The Board of Directors has prescribed norms of ethical practices and code of conduct for the Directors of the Company. The Code of Conduct of the Company lays down the principles, values, standards and rules of behavior that guide the decisions, procedures and systems of the Company in a way that (a) it contributes to the welfare of its stakeholders, and (b) respects the rights of all constituents affected by its operations. The Code of Conduct is reviewed from time to time by the Board.

DEMATERIALIZATION OF SHARES:

Dematerialisation is the process of converting the physical form of shares into electronic form. Dematerialisation helps to overcome the problems of delay in transfer of certificates, forgery of certificates etc. as well as reduces the transaction time



as compared to the physical segment. Due to the various benefits of dematerialization of shares to the investors and the Company as well, your Directors request and recommend you to convert your physical shares in dematerialized form.

CORPORATE GOVERNANCE:

Report on Corporate Governance is furnished as a part of the Directors' Report and forms part of this report. Certificate from Practicing Company Secretaries regarding compliance is annexed hereto and forms part of this report.

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:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2013; the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- (ii) that 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, 2013 and of the profit of the Company for that year.
- (iii) that 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.
- (iv) that the Directors have prepared the Annual Accounts for the year ended March 31, 2013, on a going concern basis.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Sameep Bharat Shah, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

STATUTORY AUDITORS:

Your Directors request you to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, M/s. V.A. Parikh & Associates, Chartered Accountants retire at the 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.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The total exports for the year 2012 - 2013 amounts to Rs. 26,01,34,461/-. Efforts are being made to develop new products keeping in view the international market which is sensitive to changing fashions.

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.

EXPLANATIONS FOR AUDITORS QUALIFICATIONS IN AUDIT REPORT:

With regards to the qualification as stated in the Auditor's Report the Board of Directors of the Company accepts suggestion of the Auditors and is of the opinion that this is minor non compliance of the mandatory accounting standard and not a major deviation affecting the financial statements. The Board assures that it will be more compliant with regards to the Auditor's observation in future.

Place : Mumbai

Date : 21st September, 2013

Registered Office :

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

For and on behalf of the Board Directors

Sd/-

Upendra N. Shah
Chairman & Managing Director



REPORT OF CORPORATE GOVERNANCE 2012 - 2013

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance means to steer an organization in the desired direction. It deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-a-vis its claimants—in particular, its shareholders, creditors, customers, the State and employees. There is a global consensus about the objective of 'Good' Corporate Governance: maximizing long-term shareholder value."

MINI DIAMONDS (INDIA) LIMITED believes that Corporate Governance brings about equilibrium between the expectations of the owners, employees, customers and all other stakeholders. It builds continuing bonds with shareholders, employees, investors, depositors, borrowers, suppliers, customers and business constituents.

The Company believes that its fundamental objective is not mere fulfillment of the requirements of law but in ensuring commitment of the Board in managing the Company in a transparent manner for maximizing stakeholder value.

Securities and Exchange Board of India (SEBI) incorporated Clause 49 in the Listing Agreement in February 2000, as part of its endeavour to improve the standards of Corporate Governance in line with the needs of a dynamic market. 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.

The Company aims at maximizing long-term value and shareholders' wealth and thus adheres to the ethics, value and morals of the Company and its Director.

Good governance is integral to the very existence of the Company. It seeks to achieve following objectives of the Company viz:

- A properly structured Board capable of taking independent and objective decisions;
- Adoption of transparent procedures and practices and to arrive at decisions on the strength of adequate information.
- To keep the shareholders informed of relevant developments impacting the Company.

Your Board of Directors presents the Corporate Governance Report for the year 2012-2013.

2. BOARD OF DIRECTORS:

a. Size and Composition of Board

The Board of Directors plays a pivotal role in ensuring good governance. Mini Diamonds (India) Limited has a balanced Board structure comprising adequate number of non-executive and independent directors who take care of the interest and well-being of all the stakeholders.

The composition of the Board and category of Directors are as follows:

| Category | Name of the Director |
|----------------------------------------|-----------------------------------------------------------------------------------------------------|
| Promoter Director | Mr. Upendra N. Shah (Chairman & Managing Director) Mr. Himanshu K. Shah (Executive Director) |
| Independent and Non-Executive Director | # Mr. Dilip K. Thakker # Mr. Vikas Upendra Nayak Mr. Dilip Jaswant Shah Mr. Sameep B. Shah |

Note: Mr. Samay Koradia, Independent, Non- Executive Director was appointed as an Additional Director in the Board Meeting held on 29th May, 2013 has been regularized in the Annual General Meeting of the Company held on 30th September, 2013

* Note: Ms. Mihika Shah who was appointed as an Additional Director in the Board Meeting held on 29th May, 2013 has been regularized in the Annual General Meeting of the Company held on 30th September, 2013.



- # Note: Mr. Dilip K. Thakker, Independent & Non – Executive Director has resigned from the Board with effect from 29th May, 2013
- # Note: Mr. Vikas U. Nayak, Independent & Non – Executive Director has resigned from the Board with effect from 29th May, 2013

b. The following table gives the number of other Directorships and Chairmanships/Membership of Committees of each Director in various Companies as on 31st March, 2013:

| Name of the Director | Category | No. of Directorships in other Companies | | No. of Membership / Chairmanship of other Board Committees (not incl. remuneration committee) | |
|------------------------|----------------------------------------|-----------------------------------------|---------|-----------------------------------------------------------------------------------------------|----------|
| | | Public | Private | Member | Chairman |
| Mr. Upendra N. Shah | Promoter, Chairman & Managing Director | - | - | - | - |
| Mr. Himanshu K. Shah | Promoter & Executive Director | - | 3 | - | - |
| Mr. Dilip K. Thakker | Independent & Non-executive Director | - | - | - | - |
| Mr. Vikas U. Nayak | Independent Non-executive Director | - | - | - | - |
| Mr. Sameep B. Shah | Independent Non-executive Director | - | - | - | - |
| Mr. Dilip Jaswant Shah | Independent Non executive Director | - | 1 | - | - |

Notes

- Excludes directorship in Mini Diamonds (India) Limited.
- For the purpose of considering the limit of the committee memberships and chairmanships of a Director, the Audit Committee, Shareholders' Grievance Committee have been considered.

As per disclosure(s) received from the Directors, the Directors do not hold Memberships in more than 10 Committees and Chairmanship in more than 5 Committees.

c. Attendance at Board Meeting and Annual General Meeting :-

During the financial year 2012-2013, the Board held its meetings on 30th April 2012, 07th May 2012, 30th July 2012, 7th September 2012, 31st October 2012, 4th February, 2013 and 25th February, 2013. The time gap between any two Board Meetings did not exceed four months.

The Annual General Meeting of the Company for the financial year 2011 – 2012 was held on Saturday, September 29, 2012.

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 | 7 | Present |
| Mr. Himanshu K. Shah | 7 | Present |
| Mr. Dilip J. Shah | 7 | - |
| Mr. Dilip K. Thakker | 7 | Present |
| Mr. Vikas U. Nayak | 7 | Present |
| Mr. Sameep B. Shah | 7 | - |

d. Responsibilities of Board:

The Board of Directors of the Company functions on the principle of majority or unanimity to eliminate biasness, partiality and favoritisms. The responsibilities of the Board are stated as under:

- To act in the best interest of the Company;



- 2) To help the Company in building its goodwill;
- 3) To encourage compliances and disclosures;
- 4) To ensure that a proper system is established and followed which helps in resolving the grievances of the stakeholders;
- 5) To ensure that the Company discloses its policies to all the stakeholders;
- 6) To ensure that the Company has policies which encourage social activities on purely non – profitable basis.
- 7) To ensure that the Company's products are eco – friendly and comply with all the related norms.
- 8) To comply with all the laws applicable to it whether they are the central laws or state laws.
- 9) To ensure that true and full disclosure of all the transactions where there is an interest is made to the other members of the Board.
- 10) To enable the Board to take an independent, unbiased and objective decisions.

e. Functioning & Procedures of the Board:-

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 the meetings of the audit committee, shareholders grievance committee and remuneration committee if any,
- 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 financial and risk management policies of the Company,
- 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.

The Minutes of the Board Meetings are circulated through email to all Directors and confirmed at the subsequent Board Meeting. The Minutes of the Audit committee and shareholders' grievance committee are also individually given to the Board of Directors and thereafter tabled for discussion at the subsequent Board Meeting.

3. AUDIT COMMITTEE:

The Audit Committee is inter-alia responsible for liaison with the management; auditors, reviewing the adequacy of internal control and compliance with significant policies and procedures, reporting to the Board on the key issues. To enable better and more focused attention on the affairs of the Company, the Board of Directors has constituted effective and efficient Audit Committee complying with the requirements of Clause 49 of the Listing Agreement.

a. Size and Composition:-

The Board of Directors constituted an Audit Committee of Directors having Mr. Dilip Thakar, Non-Executive Independent Director, as Chairman of the Committee, Mr. Sameep Shah, Non-Executive Independent Director, Mr. Vikas Upendra Nayak, Non-Executive Independent Director and Mr. Himanshu K. Shah Promoter & Executive Director as members of the Committee.



The members of the Committee are well versed in finance/accounts, legal matters and general business practices.

b. Attendance at the Audit Committee Meetings:-

During the accounting year 2012 - 2013, five Audit Committee Meetings were held on 30th April 2012, 30th July 2012, 07th September 2012, 31st October, 2012, 4th February, 2013.

| Name of Directors | No. of Audit Committee Meetings attended |
|-------------------------|------------------------------------------|
| Mr. Dilip K. Thakar | 5 |
| Mr. Sameep Shah | 5 |
| Mr. Vikas Upendra Nayak | 5 |
| Mr. Himashu K. Shah | 5 |

c. Role of the Audit Committee:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
3. Reviewing, with the management, performance of statutory auditors, and adequacy of the internal control systems.
4. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern.
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management
 - (d) Significant adjustments made in the financial statements arising out of audit findings
 - (e) Compliance with listing and other legal requirements relating to financial statements
 - (f) Disclosure of any related party transactions
 - (g) Qualifications in the draft audit report.

The Statutory Auditors and Managing Director are invitees to the Audit Committee Meetings.

4. SHAREHOLDERS GRIEVANCE COMMITTEE:

The Company has constituted Shareholder Grievance Committee in terms of Clause 49 – IV (G) (iii) of the Listing Agreement, under the Chairmanship of Mr. Dilip Thakar (Independent & Non – Executive Director) to look into the redressal of shareholder and investors complaints like:

- Transfer of shares
- Non – receipt of Balance Sheet
- Non – receipt of declared dividends
- Issue of Duplicate Share Certificates
- Review of shares dematerialized and all other related matters
- All other matters related to shares.

**a. Size and Composition:-**

The Share holders Grievance Committee consists of following Directors:

| Name of the Directors | Designation | Category of Director |
|-------------------------|-------------|----------------------------------------|
| Mr. Dilip Thakar | Chairman | Independent & Non – Executive Director |
| Mr. Sameep Shah | Member | Independent & Non – Executive Director |
| Mr. Himanshu Shah | Member | Promoter & Executive Director |
| Mr. Vikas Upendra Nayak | Member | Independent & Non – Executive Director |

b. Meeting of the Shareholders' grievance committee:-

During the financial year ended 31st March, 2013, two shareholders' grievance committee meetings were held on 30th July, 2012 and 31st October, 2012.

| Name of Directors | No. of Shareholders' Grievance Committee Meetings attended |
|-------------------------|------------------------------------------------------------|
| Mr. Dilip K. Thakar | 2 |
| Mr. Himanshu Shah | 2 |
| Mr. Sameep Shah | 2 |
| Mr. Vikas Upendra Nayak | 2 |

5. REMUNERATION COMMITTEE:

The Board has constituted remuneration committee to determine the remuneration packages for Directors/Chief Executive Officers after evaluating their performance taking into account their qualification, experience, contribution and the current industry benchmark.

a) The functions of the Remuneration Committee include the following:

- To approve the Annual Remuneration Plan of the Company;
- To review and grant annual increments to Executive/Managing Director.
- Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

b) During the financial year ended 31st March, 2013, one Remuneration Committee Meeting was held on 31st October, 2012.**c) Disclosure of Remuneration paid:**

At present Independent and Non-executive Directors are not paid any remuneration except sitting fees for attending Board Meetings.

6. GENERAL BODY MEETINGS:

The particulars of last three Annual General Meetings are as under:-

| Financial Year | Day and Date | Location | Time |
|----------------|-------------------------------|---------------------------------------------------------------------------|------------|
| 2009-2010 | Thursday – September 30, 2010 | 7/A Nussar House, Opp Panchratna Building, Opera House, Mumbai – 400004. | 4.30 P.M. |
| 2010-2011 | Friday – September 30, 2011 | 7-A Nussar House, Opp. Panchratna Building, Opera House, Mumbai – 400004. | 10.00 A.M. |
| 2011-2012 | Saturday – September 29, 2012 | 7-A Nussar House, Opp. Panchratna Building, Opera House, Mumbai – 400004. | 10.00 A.M. |



Whether any Special Resolution was passed in the previous three AGMs? Yes.

There were no resolutions passed through postal ballot. At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through Postal Ballot.

7. **DISCLOSURES:**

a. **Related Party Transaction:**

Related Parties and transactions with them as required under Accounting Standard (AS-18) are furnished under Point No. K of the Notes to the Accounts attached with the financial statements for the year ended March 31, 2013.

b. **Compliance by the Company:**

- The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to capital markets and no penalties/ strictures were imposed on the Company during the last three years.
- No penalty has been imposed on the Company by the Stock Exchange (BSE) or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during last three years.

c. **Mandatory & Non – Mandatory requirement of this clause:**

Adoption of non mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

8. **CODE OF CONDUCT:**

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The Code is reviewed from time to time by the Board. The said Code has been communicated to the Directors and the Members of the Senior Management.

9. **TRADING IN THE COMPANY'S SHARES BY DIRECTORS AND DESIGNATED EMPLOYEES:**

In compliance with the SEBI (Prevention of Insider Trading) Regulations, 1992, our Company has appointed Mr. Dilip Shah as the Compliance Officer who is responsible for setting policies, procedures for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading.

10. **MEANS OF COMMUNICATION:**

- The quarterly and half-yearly results of the Company are published in Marathi and English National dailies.
- The Management Discussion and Analysis Report forms a part of this Annual Report, which is sent to each member by post.
- The Company informs the Stock Exchange all price sensitive matters or such other matters which are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

11. **GENERAL SHAREHOLDER INFORMATION:**

a. **Annual General Meeting**

Date : 30th September, 2013
 Time : 9.00 A.M.
 Venue : 7/A Nusser House,
 Panchratna Building,
 Opera House, Mumbai – 400004.



b. Financial Calendar :

Financial Reporting for

| | |
|-----------------------------------------------|------------------------|
| Quarter ending 30th June ,2013 | By 15th August, 2013 |
| Quarter/Half year ending 30th September, 2013 | By 15th November, 2013 |
| Quarter ending 31st December , 2013 | By 15th February, 2014 |
| Quarter/Year ending 31st March , 2014 | By 30th May, 2014 |

Date of Book Closure : September 23, 2013 to September 30, 2013 (both days inclusive).

c. Market Information :

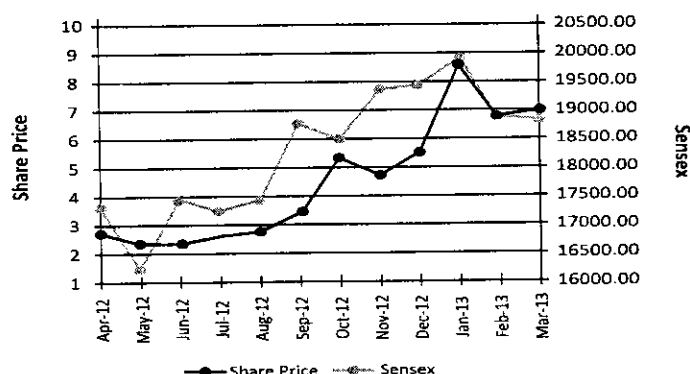
- Listing on Stock Exchange : The Bombay Stock Exchange Limited, Mumbai
- Listing fee for the year 2012 – 2013 : has been paid to the Stock Exchange.
- Stock Code : 523373 on The Bombay Stock Exchange, Mumbai
- ISIN No. CDSL & NSDL : INE281E01010
- Market Price Data : High/ Low price during each month of 2012– 2013 on BSE Sensex are as under:

High/Low price during each month of 2012-2013 on The Stock Exchange, Mumbai and BSE Sensex are as under:

| Mini Diamonds (India) Limited | | | | | | | | BSE SENSEX | | |
|-------------------------------|------------|------------|-----------|-------------|---------------|---------------|--------------|------------|-----------|-----------|
| Date | Open (Rs.) | High (Rs.) | Low (Rs.) | Close (Rs.) | No. of Shares | No. of Trades | Net Turnover | High Rs. | Low Rs. | Close Rs. |
| 2012 | | | | | | | | | | |
| Apr-12 | 3.00 | 3.00 | 2.72 | 2.72 | 400 | 3 | 1,130 | 17664.10 | 17010.16 | 17318.81 |
| May-12 | 2.59 | 2.59 | 2.38 | 2.38 | 300 | 3 | 747 | 17432.33 | 15809.71 | 16218.53 |
| Jun-12 | 2.27 | 2.32 | 2.01 | 2.32 | 1520 | 14 | 3,242 | 17448.48 | 15748.98 | 17,429.98 |
| Jul-12 | 2.43 | 2.88 | 2.36 | 2.60 | 2943 | 25 | 7,693 | 17,631.19 | 16,598.48 | 17,236.18 |
| Aug-12 | 2.73 | 2.74 | 2.61 | 2.74 | 713 | 6 | 1,945 | 17,972.54 | 17,026.97 | 17,429.56 |
| Sep-12 | 2.62 | 3.42 | 2.55 | 3.42 | 3907 | 27 | 10,802 | 18,869.94 | 17,250.80 | 18,762.74 |
| Oct-12 | 3.59 | 5.60 | 3.58 | 5.29 | 13790 | 62 | 69,824 | 19,137.29 | 18,393.42 | 18,505.38 |
| Nov-12 | 5.19 | 5.19 | 4.72 | 4.72 | 8976 | 20 | 44,451 | 19,372.70 | 18,255.69 | 19,339.90 |
| Dec-12 | 4.81 | 5.50 | 4.81 | 5.50 | 5842 | 43 | 29,613 | 19,612.18 | 19,149.03 | 19,426.71 |
| 2013 | | | | | | | | | | |
| Jan-13 | 5.60 | 8.55 | 5.50 | 8.55 | 5066 | 49 | 31,383 | 20,203.66 | 19,508.93 | 19,894.98 |
| Feb-13 | 8.97 | 9.17 | 5.25 | 6.79 | 9371 | 61 | 68,670 | 19,966.69 | 18,793.97 | 18,861.54 |
| Mar-13 | 7.70 | 7.35 | 6.27 | 6.59 | 2997 | 19 | 20167 | 19,754.66 | 18,568.43 | 18,835.77 |



SHARE PERFORMANCE OF THE COMPANY IN COMPARISON TO BSE SENSEX



d. Share Transfer System and other related matters

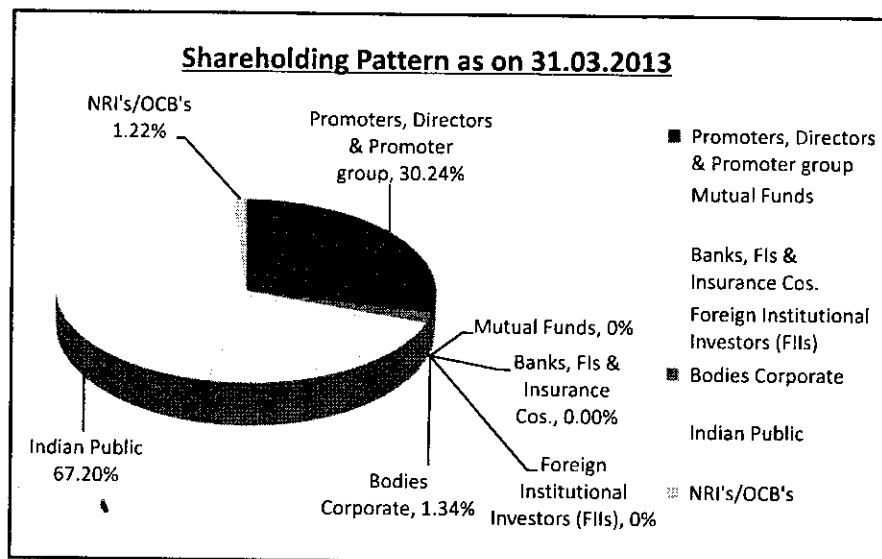
- Registrar and Share Transfer Agent:** For both physical & demat segments:
 M/s. Purva Sharegistry (India) Pvt. Ltd., Unit no. 9, Shiv Shakti Ind. Estt., J. R. Boricha marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai 400 011 Tel No.: - 22-2301 6761 / 8261, Fax No.: 22-2301 2517, 22626407.
- Share Transfer System:**
 The shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholder Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Share Transfer Agents and confirmation given to the depositories within the prescribed time limit.
- Nomination Facility for Shareholding:**
 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.
- Correspondence regarding Change in Address:**
 Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s Purva Sharegistry (India) Pvt. Ltd., Shiv Shakti Ind. Estt., J. R. Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai - 400011. Tel.: 022-23016761/8261, Fax No.: 022-23012517/22626407
- Distribution of Share holdings as on 31.3.2013**

| NO. OF EQUITY SHARES HELD | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | SHARES HELD (in Rs.) | % OF SHARE HOLDING |
|---------------------------|---------------------|-------------------|----------------------|--------------------|
| UPTO 5000 | 12319 | 96.78 | 17343500 | 50.27 |
| 5001 - 10000 | 273 | 2.14 | 2231520 | 6.47 |
| 10001 - 20000 | 74 | 0.58 | 1068070 | 3.10 |
| 20001 - 30000 | 29 | 0.23 | 727760 | 2.11 |
| 30001 - 40000 | 9 | 0.07 | 313000 | 0.91 |
| 40001 - 50000 | 2 | 0.02 | 95000 | 0.28 |
| 50001 - 100000 | 7 | 0.05 | 541450 | 1.57 |
| 100001 AND ABOVE | 18 | 0.14 | 12259650 | 35.54 |
| TOTAL | 12729 | 100 | 34500000 | 100 |



• **Shareholding Pattern as on 31.3.2013**

| Category | No. of Shares held | Percentage to total (%) |
|-------------------------------------------|--------------------|-------------------------|
| a. Promoters, Directors & Relatives | 1043300 | 30.24 |
| b. Mutual Funds / UTI | 0 | 0 |
| c. Banks, FIs & Insurance Cos. | 0 | 0 |
| d. Foreign Institutional Investors (FIIs) | 0 | 0 |
| e. Domestic Companies & Bodies Corporate | 46174 | 1.34 |
| f. NRIs/ OCBs | 42100 | 1.22 |
| g. Public | 2318426 | 67.20 |
| Total | 3450000 | 100 |



Dematerialisation of Shares : The shares of the Company can be held and traded in electronic form 7.67% (264599 no. of shares) of the Company's Shareholdings have been dematerialised in CDSL and 24.64% (850001 no. of shares) of the Company's Share holdings have been dematerialized as on 31.03.2013

Outstanding GDRs/ ADRs/ Warrants or any convertible Instrument, conversion date and likely impact on equity. NIL

Address for Correspondence :

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



DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2013.

For MINI DIAMONDS (INDIA) LIMITED

Upendra N. Shah
Chairman & Managing Director

Place : Mumbai

Date: 21st September, 2013

COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

To,
The Members,
Mini Diamonds (India) Limited

We have examined the compliance of conditions of Corporate Governance by Mini Diamonds (India) Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Pramod S. Shah & Associates
Practicing Company Secretaries

Place : Mumbai

Date : 21st September, 2013

Pramod S. Shah
CP No. 3804

**CHIEF EXECUTIVE OFFICER (CEO) and CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

We, Upendra N. Shah, Chairman & Managing Director and Mr. Dilip Shah, Compliance Officer, of **MINI DIAMONDS (INDIA) LIMITED**, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
 - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
 - b. evaluated the effectiveness of the Company's disclosure, controls and procedures.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
 - a. all significant deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in internal controls;
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
 - c. the Company's other certifying officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and
 - d. all significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the Audit Committee;
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

Chairman & Managing Director

Compliance Officer

Place : Mumbai

Date : 21st September, 2013



INDEPENDENT AUDITOR'S REPORT

To,
The Members of MINI DIAMONDS (INDIA) LIMITED

Report on the Financial Statements

We have audited the attached financial statements of **Mini Diamonds (India) Limited** ("The Company"), which comprise the Balance Sheet as at **31st March, 2013**, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Company has not made provision of its obligation under the defined benefit plan viz: Gratuity, which constitutes a departure from the Accounting Standard 15 "Employee Benefits" referred to in sub-section (3C) of section 211 of the Act.

Qualified Opinion

In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid financial statements, give the information required by the Companies Act, 1956 in the manner so required and gives, a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the Balance Sheet of the state of affairs of the company as at **31st March, 2013**; and
- ii) in the case of Statement of Profit and Loss, of the profit of the company for the year ended on that date; and
- iii) in the case of Cash Flow Statement of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the Order.



2. As required by Section 227(3) of the Act we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of accounts;
 - d) Except for the matter described in the basis for qualified opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on **31st March 2013** and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on **31st March, 2013** from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of Companies Act, 1956.

For V. A. Parikh & Associates
Chartered Accountants
F. R. No: 112787W

Place : Mumbai
Date : 21st September, 2013

(Jinesh J. Shah)
Partner
Membership No. 111155



ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the assets have been physically verified by the management which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- c) The Company has not disposed off any substantial portion of fixed assets during the year.
- ii) a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanation given to us and based on our examination of the records of inventories, the Company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
- iii) a. The Company has not granted any loan (secured or unsecured) to companies, firms or other parties covered in the register maintained under Section 301 of the Act. In view of this sub clause (b) , (c) , and (d) of this clause are not applicable.
- b. The Company has taken unsecured loan from a firm and other parties covered in the register maintained under Section 301 of the Act. The number of parties involved are three, the aggregate loan amount is **Rs 2,76,21,000/-** , maximum amount involved is **Rs 42,512,882/-** and year end balance is **Rs 38,287,182/-**. The loans taken are unconditional and interest free, in view of this sub clause (f) and (g) of this clause are not applicable.
- iv) There is an adequate internal system commensurate with the size of the Company and nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services.
- v) a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 have been properly entered in the said register.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding the value of Rs. 500,000 in respect of each party during the year, have been made at prices which appear reasonable as per information available with the Company.
- vi) The Company has not accepted any deposits from the public.
- vii) The Company, in our opinion, has an internal audit system commensurate with size and nature of the business.
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Income Tax, Sales Tax, Customs Duty, Cess and other statutory dues with appropriate authorities. According



to the information and explanations given to us, following undisputed amounts payable have remained outstanding as at **31st March, 2013** for a period more than six months from the date they became payable:

| Name of the Statute | Nature of Dues | Amount (Rs.) | Financial Year: | Due Date |
|----------------------|------------------------|--------------|-----------------|-------------------|
| Income Tax Act, 1961 | Self Assessment Tax | 760,650/- | 2011-12 | 30th Sept, 2012 |
| Income Tax Act, 1961 | Tax Deducted at Source | 6,798/- | 2011-12 | 30th April, 2012 |
| Income Tax Act, 1961 | Tax Deducted at Source | 28,581/- | 2012-13 | 7th October, 2012 |

- b) According to the records of the Company no statutory dues are payable which has not been deposited on account of disputes.
- x) The company neither has any accumulated losses at the end of the financial year nor has it incurred any cash loss in the financial year under report or in the immediately preceding financial year.
- xi) Based on our audit procedures, information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to the financial institutions and banks.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any Special Statute applicable to the Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) The Company is not a dealer or trader in Shares.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loans.
- xvii) The short term funds raised by the Company have not been used for long term investment. The company has not raised any long term funds.
- xviii) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) On the basis of our examination and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported during the year.

For V. A. Parikh & Associates
Chartered Accountants
 F. R. No: 112787W

Place : Mumbai
 Date : May 29, 2013

(Jinesh J. Shah)
 Partner
 Membership No. 111155



BALANCE SHEET AS AT 31ST MARCH, 2013

| PARTICULARS | NOTE NO. | AS AT 31.03.2013 | AS AT 31.03.2012 |
|-----------------------------------------------|----------|---------------------|---------------------|
| I. EQUITY & LIABILITIES :- | | | |
| (1) Shareholders Funds | | | |
| (a) Share Capital | 1 | 3,45,00,000 | 3,45,00,000 |
| (b) Reserves & Surplus | 2 | 87,45,984 | 69,60,535 |
| (c) Money Received against Share Warrants | | - | - |
| (2) Share application money pending allotment | | - | - |
| (3) Non-Current Liabilities | | | |
| (a) Long Term Borrowings | | - | - |
| (b) Deferred Tax Liabilities (Net) | 3 | 2,67,207 | 1,35,230 |
| (c) Other Long Term Liabilities | | - | - |
| (d) Long Term Provisions | | - | - |
| (4) Current Liabilities | | | |
| (a) Short Term Borrowings | 4 | 9,13,82,843 | 4,29,66,715 |
| (b) Trade Payables | 5 | 26,71,69,714 | 18,07,11,890 |
| (c) Other Current Liabilities | 6 | 2,29,49,145 | 2,03,31,199 |
| (d) Short Term Provisions | 7 | 16,24,000 | 7,29,000 |
| TOTAL | | 42,66,38,893 | 28,63,34,569 |
| II. Assets | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| i) Tangible Assets | 8 | 54,37,264 | 70,61,086 |
| ii) Intangible assets | | - | - |
| iii) Capital Work-in-progress | | - | - |
| iv) Intangible assets under development | | - | - |
| (b) Non-current Investments | | - | - |
| (c) Deferred Tax Assets (Net) | | - | - |
| (d) Long Term Loans & Advances | 9 | 55,47,067 | 55,44,375 |
| (e) Other Non-Current Assets | 10 | 20,000 | - |
| (2) Current Assets | | | |
| (a) Current Investments | | - | - |
| (b) Inventories | 11 | 18,56,43,523 | 1,82,97,487 |
| (c) Trade Receivables | 12 | 22,77,06,126 | 24,99,19,636 |
| (d) Cash & Cash Equivalents | 13 | 14,26,399 | 53,98,454 |
| (e) Short Term Loans & Advances | 14 | 7,93,807 | 49,416 |
| (f) Other Current Assets | 15 | 64,707 | 64,115 |
| TOTAL | | 42,66,38,893 | 28,63,34,569 |

Significant Accounting Policies and Notes on Financial Statements as per Note A
This is the Balance Sheet referred to in our report of even date.

For V. A. Parikh & Associates
Chartered Accountants
F. R. No: 112787W

For Mini Diamonds (India) Limited

(Jinesh J. Shah)
Partner
Membership No. 111155
Place : Mumbai
Date : May 29, 2013

Director

Director



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

| PARTICULARS | NOTE NO. | FOR THE YEAR 2012 - 2013 | FOR THE YEAR 2011 - 2012 |
|-----------------------------------------------------------------|----------|-----------------------------|-----------------------------|
| Revenue From Operations | 16 | 43,45,59,559 | 29,44,87,350 |
| Other Income | 17 | 4,435 | 38,044 |
| Total Revenue | | 43,45,63,994 | 29,45,25,394 |
| Expenses: | | | |
| Cost of Materials Consumed | 18 | 2,80,26,626 | 10,44,00,744 |
| Purchases Of Stock-in-Trade | 19 | 41,13,07,534 | 17,54,93,795 |
| Changes in Inventories of Finished Goods | | | |
| Work-in-Progress And Stock-in-Trade | 20 | (2,12,08,967) | (81,02,925) |
| Employee benefits expense | 21 | 22,63,696 | 63,09,048 |
| Finance costs | 22 | 43,73,457 | 30,38,019 |
| Depreciation and amortization expense | | 9,35,587 | 10,97,964 |
| Other expenses | 23 | 60,53,636 | 98,07,855 |
| Total Expenses | | 43,17,51,568 | 29,20,44,501 |
| Profit before Tax | | 28,12,426 | 24,80,894 |
| Tax Expense: | | | |
| Current Tax | | 8,95,000 | 7,29,000 |
| Deffered Tax | | 1,31,977 | 86,540 |
| | | 10,26,977 | 8,15,540 |
| Profit/(Loss) for the year | | 17,85,449 | 16,65,354 |
| Earnings Per Equity Share of face value of Rs. 10 each : | | | |
| Basic | | 0.52 | 0.48 |
| Diluted | | 0.52 | 0.48 |

Significant Accounting Policies and Notes on Financial Statements as per Note A
This is the Statement of Profit and Loss referred in our report of even date

For V. A. Parikh & Associates
Chartered Accountants
F. R. No: 112787W

For Mini Diamonds (India) Limited

(Jinesh J. Shah)
Partner
Membership No. 111155
Place : Mumbai
Date : May 29, 2013

Director Director



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2013
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AT 31ST MARCH, 2013**

| Particulars | Figures as at 31.03.2013 | Figures as at 31.03.2012 |
|--------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Note 1 : Share Capital | | |
| Authorised Share Capital | | |
| 35,00,000 Equity shares of Rs. 10/- each | 3,50,00,000 | 3,50,00,000 |
| Issued & Subscribed & Fully Paid Up | | |
| 34,50,000 Equity Shares of Rs. 10/- par value per share (Previous year 34,50,000) | 3,45,00,000 | 3,45,00,000 |
| TOTAL | 3,45,00,000 | 3,45,00,000 |
| 1.1 The Details of Shareholders holding more than 5% shares | | |
| Particulars | No. of Shares(%) | No. of Shares(%) |
| Chandrika K. Shah | 335800 (9.73%) | 335800 (9.73%) |
| Meena U. Shah | 262000 (7.59%) | 262000 (7.59%) |
| Yogesh N. Shah | 245900 (7.13%) | 245900 (7.13%) |
| 1.2 The reconciliation of the number of shares outstanding is set out below | | |
| Particulars | | |
| Equity Shares at the beginning of the year | 34,50,000 | 34,50,000 |
| Increase during the year | - | - |
| (Decrease) during the year | - | - |
| Equity Shares at the end of the year | 34,50,000 | 34,50,000 |
| Note 2 : Reserve & Surplus | | |
| Surplus/(Deficit) i.e. Balance in Statement of Profit and Loss | | |
| Balance at the beginning | 69,60,535 | 53,65,262 |
| Profit/(Loss) for the year | 17,85,449 | 16,65,354 |
| Balance at the end | 87,45,984 | 70,30,615 |
| Less: Appropriations | | |
| Shortfall in Provision for Tax | - | 70,080 |
| TOTAL | 87,45,984 | 69,60,535 |
| Note 3 : Deferred Tax Liabilities (Net) | | |
| Depreciation | 2,67,207 | 1,35,230 |
| TOTAL | 2,67,207 | 1,35,230 |
| Note 4 : Short Term Borrowings | | |
| Secured | | |
| Loans repayable on demand | | |
| a) From banks - Working Capital Loans | 5,30,95,661 | 2,55,64,833 |
| | 5,30,95,661 | 2,55,64,833 |
| Unsecured | | |
| Loans and advances from related parties | 3,82,87,182 | 1,74,01,882 |
| | 3,82,87,182 | 1,74,01,882 |
| TOTAL | 9,13,82,843 | 4,29,66,715 |



| Particulars | Figures as at 31.03.2013 | Figures as at 31.03.2012 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| i. Secured Loans are secured as under : | | |
| (i) Primarily by hypothecation of stock and book debts | | |
| (ii) Collaterally by - Galas owned by other Guarantors | | |
| ii. The loans have been personally guaranteed by Directors and others | | |
| Note 5 : Trade Payables | | |
| Others | 26,71,69,714 | 18,07,11,890 |
| TOTAL | 26,71,69,714 | 18,07,11,890 |

Note 5.1 On the basis of information and records available with the company, there are no outstanding dues as at 31st March, 2013 to the Micro and small enterprises as defined in the micro, small and medium Enterprises Development Act, 2006.

Note 6 : Other Current Liabilities

| | | |
|----------------|--------------------|--------------------|
| Other payables | 2,29,49,145 | 2,03,31,199 |
| TOTAL | 2,29,49,145 | 2,03,31,199 |

Note: 6.1 Includes statutory dues and payable for expenses /services.

Note 7 : Short Term Provisions

| | | |
|--------------|------------------|-----------------|
| Others | 16,24,000 | 7,29,000 |
| TOTAL | 16,24,000 | 7,29,000 |

Note: 7.1 Includes Provision for Income Tax

Note 8 : Long Term Loans & Advances

| Name Of The Asset | Gross Block | | | | Depreciation | | | | Rate Of Depn. | Net Block | |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|-------------------------------------|-------------------------------------|--------------------------------|-----------------------------------|-------------------------------------|------------------|---------------------|---------------------|
| | Opening Bal. As at 01.04.2012 | Addition During The Year | Deductions During The Year | Closing Bal. As at 31.03.2013 | Opening Bal. As at 01.04.2012 | Addition During The Year | Adjustments During The Year | Closing Bal. As at 31.03.2013 | | As At 31.03.2013 | As At 31.03.2012 |
| Tangible Asset | | | | | | | | | | | |
| Plant & Equipment | 96,45,643 | - | 7,94,936 | 88,50,707 | 42,25,137 | 7,53,993 | - | 49,79,130 | 13.91% | 38,71,578 | 54,20,506 |
| Furniture & Fixture | 84,318 | - | - | 84,318 | 83,069 | 226 | | 83,295 | 18.10% | 1,023 | 1,249 |
| Office Equipment | 8,32,991 | - | - | 8,32,991 | 2,99,059 | 74,269 | | 3,73,328 | 13.91% | 4,59,663 | 5,33,932 |
| Others | | | | | | | | | | | |
| Electrical Equipment | 1,26,000 | - | - | 1,26,000 | 23,728 | 14,226 | | 37,954 | 13.91% | 88,046 | 1,02,272 |
| Computer | 4,31,390 | 1,06,700 | - | 5,38,090 | 3,24,591 | 48,333 | | 3,72,924 | 40.00% | 1,65,166 | 1,06,799 |
| Tools & Equipment | 3,70,775 | - | - | 3,70,775 | 50,573 | 44,540 | | 95,113 | 13.91% | 2,75,662 | 3,20,202 |
| Machinery not Installed | 5,76,126 | - | - | 5,76,126 | - | - | | - | 0.00% | 5,76,126 | 5,76,126 |
| Total | 1,20,67,243 | 1,06,700 | 7,94,936 | 1,13,79,007 | 50,06,157 | 9,35,587 | - | 59,41,744 | | 54,37,264 | 70,61,086 |
| Previous Year | 1,11,44,809 | 9,22,434 | - | 1,20,67,243 | 39,08,193 | 10,97,964 | - | 50,06,157 | | 70,61,086 | 72,36,616 |

Note : Deduction from Plant & Machinery on account of sale represents it's selling price



| Particulars | Figures as at 31.03.2013 | Figures as at 31.03.2012 |
|--------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Note 9 : Long Term Loans & Advances | | |
| Unsecured, Considered Good | | |
| Capital Advances | 52,08,736 | 52,08,736 |
| Security Deposits | 3,38,331 | 3,35,639 |
| TOTAL | 55,47,067 | 55,44,375 |
| Note 10 : Other Non-Current Assets | | |
| Unsecured and considered good | | |
| Over six months | 20,000 | |
| TOTAL | 20,000 | |
| Note: 10.1 Includes Fixed Deposits with Bank having original maturity of more than twelve months | | |
| Note 11 : Cash & Cash Equivalents | | |
| Valued at cost or net realisable value whichever is lower | | |
| Raw materials | 15,34,29,817 | 72,92,748 |
| Finished goods/Stock in trade | 3,22,13,706 | 1,10,04,739 |
| (Quantity as taken, valued and certified by Director) | | |
| TOTAL | 18,56,43,523 | 1,82,97,487 |
| Note 12 : Short Term loans and advances | | |
| Unsecured and considered good | | |
| Over six months | 3,53,94,790 | 7,72,17,271 |
| Others | 19,23,11,335 | 17,27,02,364 |
| TOTAL | 22,77,06,126 | 24,99,19,636 |
| Note 13 : Cash & Cash Equivalents | | |
| Balance with Bank | 1,63,049 | 47,84,062 |
| Cash on hand (Certified by directors) | 12,63,350 | 6,14,392 |
| TOTAL | 14,26,399 | 53,98,454 |
| Note 14 : Short Term loans and advances | | |
| Unsecured, Considered Good | | |
| To related parties | | |
| Others | 16,159 | 16,159 |
| TOTAL | 7,77,648 | 33,257 |
| | 7,93,807 | 49,416 |
| Note: 14.1 Others includes Prepaid Expenses and taxes deducted & taxes recoverable | | |
| Note 15 : Other Current Assets | | |
| Others | 64,707 | 64,115 |
| TOTAL | 64,707 | 64,115 |
| Includes advances given | | |



| Particulars | Figures as at 31.03.2013 | Figures as at 31.03.2012 |
|------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Note 16 : Revenue From Operation | | |
| Sale of Products - Gems & Jewellery | 40,94,68,042 | 27,33,79,692 |
| Exchange Gain/(Loss) | 2,50,91,517 | 1,48,54,464 |
| Other Operating Revenues | - | 62,53,194 |
| TOTAL | 43,45,59,559 | 29,44,87,350 |
| Note 17: Other Income | | |
| Interest Income | 4,435 | 38,044 |
| TOTAL | 4,435 | 38,044 |
| Note 18: Cost of Materials Consumed | | |
| Opening Stock | 72,14,053 | 6,66,67,964 |
| Add: Purchases | 17,41,63,694 | 4,49,46,833 |
| Less: Closing Stock | 15,33,51,122 | 72,14,053 |
| TOTAL | 2,80,26,626 | 10,44,00,744 |
| Note 19: Purchase of Stock in Trade | | |
| Purchase of stock in trade | 41,13,07,534 | 17,54,93,795 |
| TOTAL | 41,13,07,534 | 17,54,93,795 |
| Note 20 : Changes in Inventories of Finished Goods, Work-in-Progress And Stock-in-Trade | | |
| Opening stock | | |
| Finished Goods/Stock-in-Trade | 1,10,04,739 | 29,01,814 |
| Closing Stock | | |
| Finished Goods/Stock-in-Trade | 3,22,13,706 | 1,10,04,739 |
| TOTAL | (2,12,08,967) | (81,02,925) |
| Note 21: Employees benefits expense | | |
| Salary | 22,62,000 | 59,98,241 |
| Contribution to Provident and other funds | 1,696 | 1,46,188 |
| Staff Welfare Expenses | - | 1,64,619 |
| TOTAL | 22,63,696 | 63,09,048 |
| Note 22: Finance Costs | | |
| Interest Expenses | 32,23,126 | 23,00,593 |
| Other Borrowing Costs | 11,50,331 | 7,37,427 |
| TOTAL | 43,73,457 | 30,38,019 |
| Note 23: Other Expenses | | |
| Power & Fuel | | |
| Rent | - | 12,73,956 |
| Repairs & Maintenance | 17,11,634 | 19,52,217 |
| Insurance Expenses | 4,31,573 | 4,66,304 |
| Payments to Auditors - Audit fees | 31,676 | 6,839 |
| Manufacturing Labour & other expenses | 67,416 | 61,798 |
| Establishment and other expenses | 14,76,906 | 45,20,603 |
| TOTAL | 23,34,431 | 15,26,138 |
| | 60,53,636 | 98,07,855 |

**Note A****Significant Accounting Policies****a) Disclosure of Accounting Policies**

The financial statements have been prepared using mercantile system of accounting under the historical cost convention on a going concern basis. It recognizes significant items of income and expenditure on accrual basis.

b) Valuation of Inventories

Rough Diamonds & Cut and Polished Diamonds have been valued as under:

Where stocks can be identified:

At cost or net realizable value whichever is lower.

Where the stocks are mixed:

At technically evaluated cost or net realizable value whichever is lower.

Rough Rejection Diamonds have been valued at it's net realizable value.

Gold, Silver, Consumables and Alloys are Valued at Cost i.e. Cost of acquisition as on that date

As the physical verification, examination and valuation of diamonds involving visual appraisal etc are technical in nature, the same are fully relied upon by us on the management. According to the management, except where the stock is valued at actual cost the values assigned are the fairest possible approximations to the cost incurred or its net realizable value.

c) Contingencies & Events occurring after the Balance Sheet Date

There were no events occurring after the Balance Sheet date.

d) Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies

No prior period items and extraordinary items were noticed during the course of audit.

e) Depreciation Accounting

Depreciation has been provided under the written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956. In respect of the assets added/ sold during the year pro-rata depreciation has been provided.

f) Revenue Recognition

The income of the company, derived from sale including exchange fluctuation on exports is recognized on the completion of sale with the passing of the title.

g) Accounting for Fixed Assets

Fixed assets are stated at cost of acquisition to the company including expenditure incurred up to the date the asset is put to use.

h) Accounting for the effects of changes in Foreign exchange rates

Transactions denominated in foreign currencies are normally recorded at the Exchange rate prevailing as on the date of transaction.

Monetary items denominated in foreign currencies at the year-end and not covered by forward contract are translated at year-end rate.

Non-monetary foreign currency items are carried at cost.

Monetary items covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and the exchange rate on the date of transaction, such difference having been recognized over the life of the contract.

Any income or expense on account of exchange difference either on settlement or on translation is adjusted to the profit and loss account.

i) **Borrowing Cost**

Interest & commitment charges on borrowings granted by the banks and interest on loans obtained from other parties are recognised in the Statement of Profit & Loss. No amounts of borrowing costs have been capitalised during the year.

j) **Segmental Reporting****Primary Segment**

Company has only one primary reportable segment viz Gems & Jewellery

Secondary Segment**Details as per Geographic Region**

| Region | Region wise Sales In Rs. |
|----------------------|--------------------------|
| Hong kong | 227,814,813/- |
| Dubai | 6,600,000/- |
| Belgium | 628,131/- |
| Exchange Gain/(Loss) | 25,091,517/- |
| Local | 174,425,098/- |
| TOTAL | 434,559,559/- |

Segment Reporting and Related Information requires that an enterprise report a measure of total assets for each reportable segment. The fixed assets and 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.

k) **Related Party Disclosure**

| Sr No. | Related Party | Nature of Transactions | Amount (In Rs) | Amount Outstanding as at 31.03.2013 (Rs.) |
|--------|--------------------------|--------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| 1 | Key Management Personnel | Remuneration Loan Repaid | 4,80,000/- 16,90,700/- | NIL 1,28,96,382/- |
| 2 | Associate Concern | Compensation for use of Factory Premises Loan Repaid Loan Taken | 2,40,000/- 50,45,000/- 27,621,000/- | NIL 2,53,90,800/- |

| Key Management Personnel | Relatives of Key Management Personnel | Associate Concerns |
|----------------------------------|-------------------------------------------------|--------------------|
| Upendra Shah Himanshu K. Shah | Ronish Shah Jarin N. Shah Dharmesh K Shah | Ronish Gems |

l) **Earnings per share**

Earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders, by the weighted average number of equity shares outstanding during the period.

m) **Accounting for Taxes on Income**

Current Tax is determined as the amount of tax payable in respect of taxable income for the year after considering various reliefs admissible under provisions of the Income Tax Act, 1961.

The deferred tax for timing difference between the book profit and the tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date.

n) **Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account.

o) **Provision, Contingent Liabilities and Contingent Assets**

The Company recognizes a provision when there is a present obligation as a result of a past event that requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will not require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Accounts and other disclosures :22. **Earning Per Share**

| Particulars | 2012 - 2013 | 2011 - 2012 |
|----------------------------------------------------------------------------------------------|-------------|-------------|
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders | 1,785,449 | 1,665,354 |
| Weighted Average number of equity shares used as denominator for calculating EPS | 3,450,000 | 3,450,000 |
| Nominal Value per Equity Share (Rs.) | 10 | 10 |
| Earning Per Share (Basic) (Rs.) | 0.52 | 0.48 |

23. **Value of Imports on C.I.F. basis in respect of:**

| Particulars | 2012 - 2013 | 2011 - 2012 |
|--------------|-------------|-------------|
| Raw Material | 172,896,949 | 34,021,529 |

24. **Value of Raw material consumed:**

| Particulars | 2012 - 2013 | 2011 - 2012 |
|-------------|-------------|-------------|
| Indigenous | 879,369 | 23,098,157 |
| | 3% | 22% |
| Imported | 27,340,612 | 81,302,587 |
| | 97% | 78% |



25. Earnings in Foreign Exchange:

| Particulars | 2012 - 2013 | 2011 - 2012 |
|----------------------|-------------|-------------|
| FOB value of exports | 235,042,944 | 183,659,851 |

26. In the absence of Confirmation of balances, Trade Receivables, Trade Payables and Loans and Advances are taken as per Books of Accounts and are subject to reconciliation, if any.

27. In the opinion of the Board, the Current Assets are approximately of the value stated if realized in the ordinary course of Business.

28. Previous year's figures have been regrouped and restated wherever considered necessary.

For V. A. Parikh & Associates
Chartered Accountants
F. R. No: 112787W

Place : Mumbai
Date : May 29, 2013

(Jinesh J. Shah)
Partner
Membership No. 111155



FORM 22A

The Companies Act, 1956
Consent by the Share holder for Shorter Notice
[Pursuant to Section 171(2)]

I, _____ residing at _____,

Holding _____ Shares of INR 10/- each in the Company Mini Diamonds (India) Limited in my own name, hereby give consent, pursuant to Section 171(2) of the Companies Act, 1956 to hold the Annual General Meeting on 30th September, 2013 at 9.00 A.M. at the Registered Office at Shorter Consent.

I agree to waive the period prescribed by the applicable provisions of the Companies Act, 1956 for receipt of the documents etc. mentioned in the Notice of the Meeting.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March, 2013.

Date: _____

BOOK-POST



If undelivered, please return to :
MINI DIAMONDS (INDIA) LTD.
7-A, Nusser House, Ground Floor,
Opp. Panchratna Building, Opera House,
Mumbai - 400 004.
Tel. : 2367 1210 / 0940
Fax : 2364 9910
Email : minidiamonds@yahoo.com