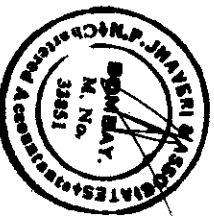


FORM B

1.	Name of the Company	Professional Diamonds Limited	Professional Diamonds Limited
2.	Annual Financial Statements for the 12 month period	31st March, 2014	31st March, 2014
3.	Type of Audit Qualification	Appearing for the first time	Appearing for the first time
4.	Frequency of Qualification <u>Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report</u>	<p><u>Appearing for the first time</u></p> <p><u>Auditors' Qualifications</u></p> <p><u>Basis for disclaimer of opinion</u></p> <p><i>A In respect of Trade receivables, which form a significant amount of the Company's assets, amounting to Rs 5,24,35,100 the auditors have not received any confirmation of balances. The management has obtained confirmation of balances from the respective parties. The amounts have been outstanding for a considerable period of time taking into account the prevailing trade practice in respect of the Company's business. In view of the above we are unable to comment on the realisability of the debts, and any provision to be made for unrealisability in the carrying amounts of these balances and on the consequential impact on the financial statements.</i></p>	<p><u>Appearing for the first time</u></p> <p><u>Management's Reply</u></p> <p><i>The company has received confirmation of balance receivables from the companies concerned. They have indicated their willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies. The company has sent letters to customers for immediate payment of outstanding dues.</i></p>



B The Company has made long term investments in Forever Diamonds Pvt. Ltd., SRV Polishing Technologies and J R Diamonds Pvt Ltd. amounting to Rs.3,45,300. The said investments continue to be valued at cost. In absence of availability of audited financial statements of the above mentioned companies we are unable to comment on the carrying costs of such investments and the provision for diminution in their value . We are unable to comment on the impact of the financial statements of provision for diminution in value of investments.

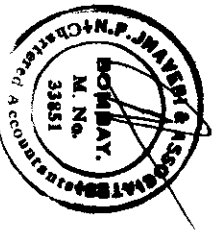
C In view of what has been stated above regarding recoverability of Trade receivables which form a significant amount of the Company's assets and the impact it could have on the Company's financials, we are unable to conclude on the ability of the Company to carry on as a going concern.

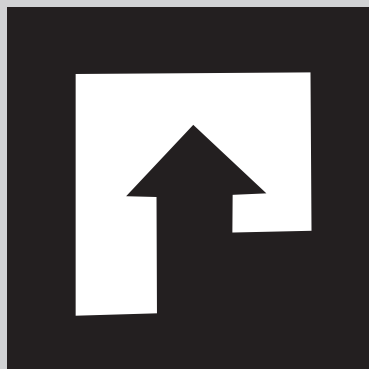


The investments in companies are done during 2012-13. It is too premature to write to these investments.

The customers have confirmed the balances and have indicated willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies.

	<p>Basis of Opinion</p> <p>Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph specifically relating to realisability of Trade Receivables, we have not been able to obtain audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.</p>	<p>The customers have confirmed the balances and have indicated willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies.</p>
<p>5. <u>To be signed by</u></p> <p><u>CFO/Managing Director</u></p> <p><u>CFO/ Manager</u></p> <p><u>Auditor of the Company</u></p> <p><u>Audit Committee Chairman</u></p>	<p>N. P. JHAVERI & ASSOCIATES Chartered Accountants</p> <p><i>Nitin P. Javeri</i> (NITIN P. JHAVERI) Proprietor</p> <p>M No 33857</p>	<p>FOR PROFESSIONAL DIAMONDS LTD.</p> <p><i>Kadher</i> DIRECTOR / AUTHORIZED SIGNATORY</p>





**PROFESSIONAL
DIAMONDS
LIMITED**

**TWENTY EIGHTH ANNUAL REPORT
2013-2014**

PROFESSIONAL DIAMONDS LIMITED

BOARD OF DIRECTORS

REJENDRA BHANDARI

L R BHANSALI

CHANDRAKANT RUPARELIA

REGISTERED OFFICE

**85 C, MITTAL COURT NARIMAN POINT,
MUMBAI 400 021.**

NOTICE

Notice is hereby given that the Twenty-Eighth Annual General meeting of the members of Professional Diamonds Limited will be held on Monday, 29th September, 2014 at 11.00 A.M. at 814, The Plaza, Hughes Road, Gamdevi, Mumbai 400 007 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account for the year ended as on that date together with Directors and Auditors Report thereon.
2. To appoint a director in place of Mr. Rajendra Bhandari (DIN 00361132), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.

For and on behalf of the Board
Chandrakant Ruparelia
Director

Date :May 30, 2014

Place :Mumbai

NOTES

1. MEMBERS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing the proxy must be deposited with the company at its Registered Office not less 48 hours before the commencement of the meeting.
3. Members/ Proxy should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday September 22, 2014 to Monday, September 29, 2014 (both days inclusive).
5. Members are requested to intimate changes, if any, in their address to the company.

For and on behalf of the Board
Chandrakant Ruparelia
Director

Date :May 30, 2014

Place :Mumbai

PROFESSIONAL DIAMONDS LIMITED

REPORT OF THE BOARD OF DIRECTORS

To

The Members

Your Directors have pleasure in presenting their Twenty-Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

	For the year ended 31.03.2014 (Rupees)	For the year ended 31.03.2013 (Rupees)
Total Income	179,214	174,91,333
Gross Profit before Depreciation and Tax	(1,741,458)	(240,101)
Depreciation	68,410	68,410
Profit Before Tax	(1,809,868)	(308,511)
Provision for Tax - Current		Nil
- Fringe benefit Tax		
- Deferred	143,352	23,111
Profit After Tax	(1,666,516)	(285,400)
Balance in Profit and Loss Account brought forward	11,383,591	11,668,990
Add: Exces/Short Provision for Tax	-	-
Less: Provision for Tax for earlier year	-	-
Profit Available for Appropriation	9,717,075	11,383,591
Appropriation		
Transfer to General Reserve		
Balance Carried Forward	9,717,075	11,383,591

Management Comments on Auditor's observations

Basis for Disclaimer of Opinion

- A. *In respect of Trade receivables, which form a significant amount of the Company's assets, amounting to Rs 5,24,35,100 the auditors have not received any confirmation of balances. The management has obtained confirmation of balances from the respective parties. The amounts have been outstanding for a considerable period of time taking into account the prevailing trade practice in respect of the Company's business. In view of the above we are unable to comment on the realisability of the debts, and any provision to be made for unrealisability in the carrying amounts of these balances and on the consequential impact on the financial statements.*

The company has received confirmation of balance receivables from the companies concerned. They have indicated their willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies. The company has sent letters to customers for immediate payment of outstanding dues.

- B. *The Company has made long term investments in Forever Diamonds Pvt. Ltd., SRV Polishing Technologies and J R Diamonds Pvt Ltd. amounting to Rs.3,45,350. The said investments continue to be valued at cost. In absence of availability of audited financial statements of the above mentioned companies we are unable to comment on the carrying costs of such investments and the provision for diminution in their value. We are unable to comment on the impact of the financial statements of provision for diminution in value of investments.*

The investments in companies are done during 2012-13. It is too premature to write to these investments.

- C. *In view of what has been stated above regarding recoverability of Trade receivables which form a significant amount of the Company's assets and the impact it could have on the Company's financials, we are unable to conclude on the ability of the Company to carry on as a going concern.*

The customers have confirmed the balances and have indicated willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies.

Basis of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph specifically relating to realisability of Trade Receivables, we have not been able to obtain audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statement.

The customers have confirmed the balances and have indicated willingness to clear the same at the earliest. They are facing cash flow problems and as such are unable to pay to the company. The company received small sums during the year under consideration from the companies.

DIVIDEND

The Directors do not recommend payment of dividend for the year.

OPERATIONS

During the year the Company achieved an income Rs. 2 lakhs as compared to Rs. 174.91 lakhs in the previous year. The Company's incurred a loss of Rs. 1,666,516 during the year as compared to a profit of Rs. 285,400 in the previous year. As the monies from company's debtors are not received despite several reminders the cash flow is hugely affected. The company has written letters for immediate payment. As explained by the debtors, since their inflows are under stress they too are finding it difficult to pay to us.

PROSPECTS

With better inflows coming your directors of hopeful of resuming its activities.

DIRECTORS

Mr. Rajendra Bhandari (DIN: 00361132), retires by rotation, and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

AUDITORS

The Auditors of the Company N. P. Jhaveri and Associates., Chartered Accountants, Mumbai retire at the conclusion of the ensuing Annual General Meeting. Your Directors wishes to state that retiring Auditors N. P. Jhaveri and Associates Chartered Accountants, Mumbai have shown their unwillingness to continue as Auditor of the Company due to their other pre-occupation. The Company has received a consent and eligibility letter under section 224(1B) of the Companies Act, 1956 from Rishi Shekri & Associates, Chartered Accountants, Mumbai . The Directors recommend their appointment at the forthcoming Annual General Meeting.

FIXED DEPOSIT

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

EMPLOYEES

None of the employees of the Company were in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employee) Rules, 1975 including Companies (Particulars of Employees) Amendment Rules, 2011 and Companies (Amendment) Act, 1988.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

The Directors state:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (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 31st March, 2012 and of the loss of the Company for that financial 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 on a going concern basis.

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

PROFESSIONAL DIAMONDS LIMITED

LISTING

The Equity Shares of the company are listed at the Bombay Stock Exchange Limited. The Company has paid the annual listing fees to the above exchange.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the Company's employees for their Support.

For and on behalf of the Board

Mumbai

Rajendra Bhandari

Chandrakant Ruparelia

May 30, 2014

Director

Director

ANNEXURE TO THE DIRECTORS' REPORT

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The particulars regarding conservation of energy are not applicable to the Company as the Diamond industry is not covered under the schedule prescribed by the said Rules.

B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research and Development (R&D)

- | | |
|---|-------|
| (1) Specific areas in which R&D is carried out by the Company | } |
| (2) Benefits derived as a result of the above R&D | } NIL |
| (3) Future Plan of Action | } |
| (4) Expenditure on R&D | } |

Technology absorption, adaptation and innovation:

- (1) Efforts in brief made towards technology absorption, adaptation and innovation. The Company is monitoring and reviewing the technological up gradation taking place in the industry.
- (2) Benefit derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution etc.
- (3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

(a) Technology Imported	}
(b) Year of Import	} NIL
(c) Has technology been fully absorbed	}
(d) If not fully absorbed, areas where this has not	}

 Taken place, reasons therefore and future plan of action

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange Earned: NIL

Total Foreign Exchange Used: NIL

For and on behalf of the Board

Mumbai

Rajendra Bhandari

Chandrakant Ruparelia

May 30, 2014

Director

Director

COMPLIANCE CERTIFICATE

THE MEMBERS OF

PROFESSIONAL DIAMONDS LIMITED

We have examined the registers, records, books and papers of **PROFESSIONAL DIAMONDS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the applicable provisions of the Companies Act, 2013 and the rules made thereunder (hereinafter referred to as “the Act”) and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2014**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company is registered under CIN No. L65990MH1985PLC037875 with the Registrar of Companies, Maharashtra and having its Registered Office at 85-C Mittal Court, Nariman Point, Mumbai 400 021 has kept and maintained all registers as stated in **Annexure ‘A’** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in **Annexure ‘B’** to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company being a Public Limited Listed Company, comments are not required
4. The Board of Directors duly met **8 (Eight)** times on the under mentioned dates
 1. 20th May, 2013
 2. 28th May, 2013
 3. 10th July, 2013
 4. 13th August, 2013
 5. 16th September, 2013
 6. 03rd October, 2013
 7. 13th November, 2013
 8. 14th February, 2014

in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. The Company closed its Register of Members from 17th September, 2013 to 30th September, 2013 and necessary compliance under section 91 of the Companies Act, 2013 has been made.
6. The Annual General Meeting for the financial year ended 31st March, 2013 to be held on 30th September, 2013 was adjourned and the Adjourned Annual General meeting was held on 09th October, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes book of the Company .
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to directors or persons or firms or companies referred to under Section 185 of the Companies Act 2013.

PROFESSIONAL DIAMONDS LIMITED

9. The Company has not entered into contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there are no instances which are covered by the provisions of Section 314 of the Act the Company was not required to obtain any approval from the Board of Directors, Members and Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) delivered all the certificates on lodgment thereof for transfer /transmission of securities in accordance with the provisions of the act and there was no allotment of securities during the financial year.
 - (ii) not deposited any amount in separate Bank Account as no dividend was declared during the financial year.
 - (iii) not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional director, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company is not required to appoint any Managing or Whole-time Director or Manager during the year under review.
16. The Company has not appointed any sole-selling agents during the year.
17. During the year the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares nor any debentures, hence there was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling with in the purview of sections 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2014.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept of the purpose.

26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association of the Company during the financial year under scrutiny.
31. There was no prosecution initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial year for offences, if any, under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company was not required to deduct any contribution to Provident Fund during the financial year, as we have been informed that the same is not applicable to the Company.

Place : Mumbai
Date : 30th May, 2014

ALWYN D'SOUZA & Co.,
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivli (E),
Mumbai 400101.

(Alwyn D'souza FCS.5559)
(Proprietor)
Certificate of Practice No.5137

Annexure A

Annexed to the Compliance Certificate

Registers as maintained by the Company

- 1 Application for and Allotment of Shares Register
- 2 Register of Members U/s. 150.
- 3 Register of Charges U/s.143
- 4 Register of Transfers
- 5 Register of Directors, Managing Directors etc. U/s. 303.
- 6 Register of Directors Shareholdings U/s. 307.
- 7 Attendance Register
- 8 Register of Contracts U/s. 301.
- 9 Register of Contracts, Companies and Firms in which Directors are interested U/s. 301(3).
- 10 Board Minutes Book and General Body Minutes Book Under Section 193.
- 11 Books of Accounts U/s.209.
- 12 Register of Fixed Assets

Note :

The Company has not maintained the following registers as there were no entries / transactions to be recorded therein

1. Register of Investments under section 49(7)
2. Register of deposits under section 58A

Annexure B

Annexed to the Compliance Certificate

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2014.

1. Form No. 20B i.e., Annual Return filed under section 159 of the Companies Act, 1956 for the year ended 31st March, 2013 with normal filing fees.
2. Form No. 23AC-XBRL and Form 23ACA-XBRL ie, Balance sheet filed under section 220 of the Companies Act, 1956 for the year ended 31st March, 2013 with normal filing fees.
3. Form No.66 i.e., Compliance Certificate for the year ended 31st March, 2013 filed under proviso to Section 383A of the Companies Act, 1956 with normal filing fees.

INDEPENDENT AUDITORS' REPORT**To the Members of Professional Diamonds limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Professional Diamonds Limited (the "Company") which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and the summary of significant accounting policies and other explanatory information, which we have signed under reference to the report.

Management's Responsibility for the Financial Statements

The Company's 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 notified under Companies Act, 1956 of India (the "Act") read with the General Circular No15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of India. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we are not able to obtain sufficient audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

A In respect of Trade receivables, which form a significant amount of the Company's assets, amounting to Rs 5,24,35,100 the auditors have not received any confirmation of balances. The management has obtained confirmation of balances from the respective parties. The amounts have been outstanding for a considerable period of time taking into account the prevailing trade practice in respect of the Company's business. In view of the above we are unable to comment on the realisability of the debts, and any provision to be made for unrealisability in the carrying amounts of these balances and on the consequential impact on the financial statements.

B The Company has made long term investments in Forever Diamonds Pvt. Ltd., SRV Polishing Technologies and J R Diamonds Pvt Ltd. amounting to Rs.3,45,350. The said investments continue to be valued at cost. In absence of availability of audited financial statements of the above mentioned companies we are unable to comment on the carrying costs of such investments and the provision for diminution in their value. We are unable to comment on the impact of the financial statements of provision for diminution in value of investments.

C In view of what has been stated above regarding recoverability of Trade receivables which form a significant amount of the Company's assets and the impact it could have on the Company's financials, we are unable to conclude on the ability of the Company to carry on as a going concern.

Basis of Opinion

Because of the significance of the matters described in the Basis of Disclaimer of Opinion paragraph specifically relating to realisability of Trade Receivables, we have not been able to obtain audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in 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;

PROFESSIONAL DIAMONDS LIMITED

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred notified under the Act read with the General Circular No 15/2013 dated September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013
- (e) On the basis of written representations received from the directors as at March 31st, 2014, and taken on record by the Board of Directors and the information and explanations given to us, none of the directors is, prima-facie, disqualified as at March 31st, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For N.P. JHAVERI & ASSOCIATES
Chartered Accountants
(Firm Registration No 104237W)

Nitin P Jhaveri
Proprietor
Membership No 033851

Place : Mumbai
Date : 30th May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in para 1 under "Report on Other Legal and Requirements section of our report of even date)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of Fixed Assets.
(b) As explained to us, the fixed assets have been physically verified by the management during the year under review.
(c) Substantial part of fixed assets has not been disposed off during the year. As such the determination, only on the basis of sale of substantial portion of fixed assets, as to whether it has affected the going concern basis does not arise.
2. The Company did not have any inventories during the year under review, therefore, clauses 4 (iia), 4 (iib) and 4 (iic) of the Companies (Auditor's Report) Order, 2003 are not applicable.
3. During the year under review, the company has not granted nor taken any loans secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weakness in internal control system.
5. (a) In our opinion and according to the information and explanations given to us and on the basis of the checks carried out by us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 required to be entered in the register maintained under that section.
(b) As the company has not entered into any contracts or arrangement with the parties mentioned in Para 5(a) above, the question of determining whether the prices are reasonable having regards to prevailing market price does not arise.
6. The Company has not accepted any deposits from the public. As such, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under does not arise.
7. In our opinion, the company has no formal Internal Audit System as such, but its internal control procedures ensure reasonable checking of its financial and other records.

8. In our opinion, the company has no formal Internal Audit System as such, but its internal control procedures ensure reasonable checking of its financial and other records.
9. (a) According to the records of the company, undisputed statutory dues including provident fund, employees state insurance, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities. No undisputed amounts are outstanding for more than six months at the end of the accounting year.
(b) According to the records of the company, there are no disputed amounts of statutory dues outstanding at the end of the accounting year.
10. The company has no accumulated losses at the end of the financial year. Attention is invited to our main report of even date on the paragraph, Basis for Disclaimer of Opinion, wherein in we are unable to comment on the realisability of Trade Receivables amounting to Rs 524,35,100. Further, the company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not during the year under review availed of any loans from banks or financial institutions and also no debentures have been issued by the Company and as such the question of default in payments does not arise.
12. As informed to us, the company has not granted any loans and advances on the basis of security by way of pledge of any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. As informed to us, the company has not given any guarantees for any loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
16. The company has not given availed of any term loans, hence the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
17. According to the information and explanations given to us and overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
18. The company has not made any fresh allotment of shares. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
19. The company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
20. During the year under review, the company has not raised any monies by way of public issues. Hence, the question of verification of end use of monies raised in public issue as per the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 does not arise.
21. On the basis of our examinations and according to the information and explanations given to us, no fraud/s on or by the company has been noticed or reported during the course of our audit.

For N.P. JHAVERI & ASSOCIATES
Chartered Accountants
(Firm Registration No 104237W)

Nitin P Jhaveri
Proprietor
Membership No 033851

Place : Mumbai
Date : 30th May, 2014

PROFESSIONAL DIAMONDS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 March 2014 ₹	As as 31 March 2013 ₹
A EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	2.01	20,000,000	20,000,000
b) Reserves & Surplus	2.02	29,696,327	31,563,299
		49,696,327	51,563,299
2) Non-Current Liabilities			
a) Long - Term Provisions	2.03	-	560,769
3) Current Liabilities			
a) Trade Payables		3,932,419	6,012,860
b) Other Current Liabilities	2.04	131,968	61,304
c) Short - Term Provision	2.05	969,231	91,700
		5,033,618	6,165,864
Total		54,729,945	58,289,932
B ASSETS			
1) Non-Current Assets			
a) Fixed Assets			
Tangible Assets	2.06	157,556	225,966
b) Non Current Investment	2.07	345,850	345,850
c) Deferred Tax Assets	2.08	286,813	143,461
d) Long Term Loans and Advances	2.09	53,748	108,248
e) Other Non - Current Assets	2.10	52,435,100	54,210,942
		53,279,067	55,034,467
2) Current Assets			
a) Cash & Cash Equivalents	2.11	971,971	1,539,257
b) Short Term Loans and Advances	2.12	478,907	1,716,208
		1,450,878	3,255,465
Total		54,729,945	58,289,932
Summary of Significant Accounting policies	1.00	-	-
Notes to the Financial Statements	2.01 to 2.23		

As per our report attached

For and on behalf of the Board of Directors

For N.P. Jhaveri & Associates

Chartered Accountants

Rajendra Bhandari

Director

Nitin P Jhaveri

Proprietor

Chandrakant Ruparelia

Director

Mumbai , 30th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	Note No.	As at 31 March 2014	As at 31 March 2013
		₹	₹
I Gross Revenue from Operations	2.13	-	17,285,892
II Other Income	2.14	<u>175,366</u>	<u>205,441</u>
Total Revenue		<u>175,366</u>	<u>17,491,333</u>
I <u>Expenses :</u>			
Purchase of Stock in Trade	2.15	-	16,754,018
Employee Benefits Expenses	2.16	1,496,466	712,933
Finance Costs	2.17	1,644	905
Depreciation		68,410	68,410
Other Expenses	2.18	<u>624,789</u>	<u>263,577</u>
Total Expenses		<u>2,191,309</u>	<u>17,799,843</u>
III Profit / (Loss) before Tax		(2,015,943)	(308,510)
<u>Provision for Tax :</u>			
a) Less : Excess / Short Provision for Income Tax (Net)		5,619	-
b) Less : Deferred Tax		<u>143,352</u>	<u>23,111</u>
Profit after Tax		(1,866,972)	(285,399)
Earnings per Share			
a) Basic	2.20	(0.93)	(0.14)
b) Diluted	2.20	(0.93)	(0.14)
Summary of Significant Accounting policies	1.0		
Notes to the Financial Statements	2.01 to 2.23		

As per our report attached

For and on behalf of the Board of Directors

For N.P. Jhaveri & Associates
Chartered Accountants

Rajendra Bhandari
Director

Nitin P Jhaveri
Proprietor

Chandrakant Ruparelia
Director

Mumbai , 30th May, 2014

PROFESSIONAL DIAMONDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(2,015,943)	(308,510)
Adjustments for :		
Depreciation	68,410	68,410
Operating Profit before working capital changes	(1,947,533)	(240,100)
Adjustments for :		
Trade and Other Receivables	2,986,859	14,472,133
Trade Payable	(1,601,315)	(12,589,502)
	(561,989)	1,642,532
Taxes paid	(5,297)	(21,392)
Cash generated from operating activities	(567,286)	1,621,140
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Investments	-	345,350
Sale of Investments	-	100,000
Net cash from investing activities	-	(245,350)
C CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalent (A+B+C)	(567,286)	1,375,790
Cash and Cash equivalent as at 1 st April, 2013 (Opening Balance)	1,539,257	163,468
Cash and Cash equivalent as at 31 st March, 2014 (Closing Balance)	971,971	1,539,257

As per our report attached

For and on behalf of the Board of Directors

For N.P. Jhaveri & Associates
Chartered Accountants

Rajendra Bhandari
Director

Nitin P Jhaveri
Proprietor

Chandrakant Ruparelia
Director

Mumbai , 30th May, 2014

Summary of Significant Accounting Policies followed by the Company Basis of Preparation of Financial Statements :

These financial statements have been prepared on an accrual basis and under historical Cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provisions of the Companies Act, 1956.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

1 System of Accounting and Preparation of Financial Statements :

- 1.01 Basis of Accounting : All income and expenditure items are accounted on accrual basis.
- 1.02 Fixed Assets : All fixed assets are valued at cost less depreciation.
- 1.03 Depreciation : Depreciation on fixed assets is provided on straight line basis as per section 205 (2) (b) of the Companies Act, 1956. Depreciation is provided on all fixed assets at the corresponding rates based on the Income Tax rates amended w.e.f. 2nd April 1987.
- 1.04 Inventories : The inventories are stated at lower of cost or net realisable value.
- 1.05 Foreign Exchange Transactions: Purchases and sales in foreign currency are accounted at exchange rates prevailing on the date of transaction. Current Assets and Liabilities in foreign currency as at Balance Sheet date are reconverted at the rates prevailing at the year end and the resultant net gains or loss are adjusted in the accounts.
- 1.06 Retirement Benefits : Provision for Gratuity is made for the actual liability at the year end
- 1.07 Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

1.08 Impairment of Fixed Assets :

Considering AS-28 - Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any assets that require a provision for impairment loss.

Impairment loss is charged to the profit and loss account in the year in which , an asset is identified as impaired, when the carrying rate of the asset exceeds its recoverable value. The impairment loss booked in prior accounting periods is reversed if there is a upward change in the estimate of recoverable account.

- 1.09 Long term Investment are stated at cost of acquisition. Provision for diminution in the value of long term investment is made only if such diminution is considered other than temporary in nature.
- 1.10 Provisions, Contingent Assets and Contingent Liabilities :

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial statements . Contingent Liabilities, if material, are disclosed in the notes to the accounts.

1.11 **Taxation :**

- a) Provisions for taxation is made after considering various relief's admissible under the provisions of the Income Tax Act, 1961.
- b) Disputed amounts of tax are considered in contingent liabilities.
- c) The Company has implemented 'Accounting Standard 22'- "Accounting of Taxes on Income", issued by the institute of Chartered Accountants of India which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

PROFESSIONAL DIAMONDS LIMITED

2 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	As at	As as
	31 March 2014	31 March 2013
	₹	₹
NOTES - 2.01		
Share Capital :		
Authorised		
40,00,000 Equity Shares of Rs. 10/- each	<u>40,000,000</u>	<u>40,00,00,000</u>
Issued		
20,00,000 Equity Shares of Rs. 10/- each	<u>20,000,000</u>	<u>20,00,00,000</u>
Subscribed & Paid up :		
20,00,000 Equity Shares of Rs. 10/- each	<u>20,000,000</u>	<u>20,00,00,000</u>

Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year

Particulars		
Number of shares outstanding as at the beginning of the year	2,000,000	2,000,000
Add : Conversion of Warrants into Equity Shares	-	-
Number of shares allotted during the year as fully paid-up for cash	-	-
Number of shares outstanding as at the end of the year	2,000,000	2,000,000

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pay dividends in Indian Rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholders.

Shares in the Company held by each shareholder holding more than 5% shares

Sl No	Name of the shareholder	Number of shares held in the Company	Percentage of Shares held	Number of shares held in the Company	Percentage of Shares held
1)	Diadem Investment & Finance Pvt Ltd	155,000	7.75	155,000	7.75
2)	Bombay Diamonds Company Pvt Ltd	199,200	9.96	199,200	9.96
3)	Jatin R. Mehta (H.U.F)	149,100	7.46	149,100	7.46
4)	Kohinoor Diamonds Pvt Ltd	149,100	7.46	149,100	7.46

NOTES - 2.02

General Reserve :

As per last Balance Sheet 20,179,708 20,179,708

Surplus :

As per last Balance Sheet 11,383,591 11,668,990

Transferred from Statement of Profit & Loss Statement (1,866,972) (285,399)

9,516,619 11,383,591

29,696,327 31,563,299

Particulars	As at	As as
	31 March 2014	31 March 2013
	₹	₹

NOTES - 2.03

Non Current Liabilities :

Other Long Term Provisions :

Provision for Employee Benefits	-	560,769
---------------------------------	---	---------

Current Liabilities :

NOTES - 2.04

i) Other Current Liabilities :

Statutory Dues	24,200	8,000
Other Payable	107,768	53,304
	<u>131,968</u>	<u>61,304</u>

NOTES - 2.05

ii) Short - Term Provision :

Provision for Taxation	-	91,700
Provision for Employees Benefit	969,231	-
	<u>969,231</u>	<u>91,700</u>

NOTES - 2.06

FIXED ASSETS - TANGIBLE

Description	Gross Block				Depreciation			Net Block		
	As on 01.04.2013	Additions	Deductions	As on 31.03.2014	As on 01.04.2013	For the Year	Deductions	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Office Premises	2,017,980	-	-	2,017,980	1,820,633	68,410	-	1,889,043	128,937	197,347
Furniture & Fixture	1,452,854	-	-	1,452,854	1,438,326	-	-	1,438,326	14,528	14,528
Electricals Installations	1,337,994	-	-	1,337,994	1,328,182	-	-	1,328,182	9,812	9,812
Office Equipments	427,977	-	-	427,977	423,698	-	-	423,698	4,279	4,279
Total	5,236,805	-	-	5,236,805	5,010,839	68,410	-	5,079,249	157,556	225,966
Previous Year	5,236,805	-	-	5,236,805	4,942,429	68,410	-	5,010,839	225,966	294,376

Notes - 2.07

b) Non Current Investment :

**Investment in Others Unquoted (Non Trade)
(at Cost) :**

10 (Previous Year : 10) Equity Shares of Mittal Court Premises	500	500
Co-op Society Ltd fully paid of ` 50/- each		
31,000 (Previous Year : Nil) Equity Shares of Forever Diamonds Pvt Ltd fully paid up of ` 100/- each	310,000	310,000
24,050 (Previous Year : Nil) Equity Shares of SRV Polished Diamond	24,050	24,050
Co. Ltd fully paid up of ` 10/- each		
11,300 (Previous Year : Nil) Equity Shares of J R Diamonds Pvt Ltd	11,300	11,300
fully paid up of ` 100/- each	<u>345,850</u>	<u>345,850</u>

PROFESSIONAL DIAMONDS LIMITED

	As at 31 March 2014 ₹	As at 31 March 2013 ₹
Notes - 2.08		
c) Deferred Tax Assets :		
Assets :		
Disallowance under the Income Tax Act 1961	299,492	173,278
Liabilities :		
Related to Depreciation	(12,679)	(29,817)
	<u>286,813</u>	<u>143,461</u>
Notes - 2.09		
d) Long Term Loans and Advances :		
Unsecured, Considered Good		
Security Deposits :	53,748	108,248
	<u>53,748</u>	<u>108,248</u>
Notes - 2.10		
Other Non - Current Assets		
i) Long Term Trade Receivable :		
a) Due for a period Exceeding Six Months		
Unsecured, Considered Good	52,435,100	54,210,942
Current Assets :		
Notes - 2.11		
ii) Cash & Cash Equivalents :		
Balances with Bank in Current Accounts	262,635	100,324
Other Bank Balances :		
Fixed Deposits with Bank	700,000	1,430,000
Cash on Hand	9,336	8,933
	<u>971,971</u>	<u>1,539,257</u>
Notes - 2.12		
iii) Short Term Loans and Advances :		
Unsecured, Considered Goods		
Vat, Income Tax & FBT Refund Receivable	12,995	169,408
Others	465,912	1,546,800
	<u>478,907</u>	<u>1,716,208</u>
Notes - 2.13		
I Gross Revenue from Operations :		
Sales :		
Rough Diamonds	-	17,285,892

Particulars	As at 31 March 2014 ₹	As as 31 March 2013 ₹
Notes - 2.14		
Other Income :		
Rent Received	120,000	120,000
Interest Received on NSC	-	67,100
Bank Interest received	55,366	18,341
	<u>175,366</u>	<u>205,441</u>
Notes - 2.15		
Purchase of Stock in Trade:		
Rough Diamonds	-	16,754,018
	<u>-</u>	<u>16,754,018</u>
Notes - 2.16		
Employee Benefits Expenses :		
Salaries	1,088,004	692,164
Gratuity	408,462	20,769
	<u>1,496,466</u>	<u>712,933</u>
Notes - 2.17		
Finance Costs :		
Bank Interest	1,523	-
Bank Charges	121	905
	<u>1,644</u>	<u>905</u>
Notes - 2.18		
Other Expenses :		
Administrative & General Expenses :		
Advertisement and Sales Expenses	38,690	41,416
Payments to statutory auditors		
Audit Fees	6,000	6,000
Tax Audit Fees	-	3,000
Certification Charges	6,000	4,500
	<u>12,000</u>	<u>13,500</u>
Legal & Professional Charges	15,280	15,117
Rates and Taxes	25,221	4,993
Postage & Telephone Charges	35,281	25,453
Printing & Stationery	30,482	31,336
Travelling & Conveyance Expenses	102,500	58,025
Society Maintenance Charges	131,681	42,164
Licence Registration & other fees	18,354	26,080
Sundry Debit Balances Written Off	207,495	-
Miscellaneous Expenses	7,805	5,493
	<u>624,789</u>	<u>263,577</u>

2.19 There were no transactions with related parties based on disclosure certificate issued by the directors, hence no disclosure as per the provisions of Accounting standard 18 'Related party Transactions is made

PROFESSIONAL DIAMONDS LIMITED

2.20 Earnings per Share :

Profit computation for both Basic and Diluted earnings per share of Rs. 10 each

	As at 31 March 2014	As as 31 March 2013
	₹	₹
Net Profit as per Profit and Loss Account available to Shareholders	(1,866,972)	285,399
Weighted average number of Equity Shares fully paid of Rs 10 each	2,000,000	(2,000,000)
Earnings per Share (Basic and Diluted)	(0.93)	0.14

2.21 As per the information available with the Company and certified by them, total outstanding due to small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 at the end of is Nil (Nil)

2.22 Additional Information required under para 4-D of Part -II of Schedule VI to the Companies Act, 1956 as certified by a Director is as follows :

Expenditure in Foreign Currency	NIL	(NIL)
Earning in Foreign Currency	NIL	(NIL)

2.23 Previous year's figures have been regrouped wherever necessary so as to make them comparable with those of the current year.

As per our report attached

For and on behalf of the Board of Directors

For N.P. Jhaveri & Associates

Rajendra Bhandari

Chartered Accountants

Director

Nitin P Jhaveri

Chandrakant Ruparelia

Proprietor

Director

Mumbai , 30th May, 2014

PROFESSIONAL DIAMONDS LIMITED

Registered Office: 85 C, Mittal Court, Nariman Point, Mumbai 400 021.

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares Held _____

Regd. Folio No. _____

(Name in BLOCK letters) _____

I hereby record my presence at the 28th Annual General Meeting of the Company held at 814, The Plaza, Hughes Road, Gamdevi, Mumbai 400 007 on Monday, 29th September, 2014 at 11.00 A.M.

Member's/Proxy's Signature

Note: Members/Proxy holders are requested to bring their copy of the EGM Notice with them at the Meeting.

-----CUT HERE-----

PROFESSIONAL DIAMONDS LIMITED

Registered Office: 85 C, Mittal Court, Nariman Point, Mumbai 400 021.

PROXY FORM

Shares Held _____

Regd. Folio No. _____

(Name in BLOCK letters) _____

I/We _____ of _____

being a Member/Members of the above-named Company, hereby appoint _____

of _____ in the district of _____ or failing

him _____ of _____ in the district of _____

as my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Monday, 29th September, 2014 at 11.00 A.M. or at any adjournment thereof.

Affix
One Rupee
Revenue
Stamp

Signed this _____ day of _____ 2014.

Note: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



If Undelivered, Please return to

PROFESSIONAL DIAMONDS LIMITED
85-C, Mittal Court, Nariman Point,
Mumbai - 400 021

CRYSTAL + 91 22 6614 0900