

Suresh Surana & Associates

Chartered Accountants

Suresh Surana & Associates

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LIMITED REVIEW REPORT

The Board of Directors,
C. Mahendra Exports Limited
Tower 'C' Office No: CC-6011,
Bharat Diamond Bourse,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400051.

1. We have reviewed the accompanying statement of unaudited financial results of C. Mahendra Exports Limited ("the Company") for the quarter ended 30 June 2011 which have been initiated by us for identification purposes, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400-"Engagements to Review Financial Statements" issued by The Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, *subject to non-compliance with Accounting Standard (AS)-2 "Valuation of Inventories" as explained in Note 3(a) and Accounting Standard (AS)-10 "Accounting for Fixed Assets" and (AS)-6 "Depreciation Accounting", as explained in note 3(b) of the accompanying statement of unaudited financial results*, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W



(Nirmal Jain)

Partner

Membership No.: 34709

Place: Mumbai

Dated: 13 August 2011



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C. MAHENDRA EXPORTS LIMITED
(Regd. Office: Tower 'C', Office No. CC-6011, Bharat Diamond Bourse,
Bandra Kurla Complex, Bandra (East), Mumbai - 400 051)

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2011

(Rs. in million)

Sr. No.	Particulars	3 months ended	Previous year ended
		30/06/2011	31/03/2011
		Unaudited	Audited
1	Income:		
	a) Net Sales / Income from Operations	4,707.38	18,432.73
	b) Other Operating Income	-	-
		4,707.38	18,432.73
2	Expenditure:		
	a) (Increase) / decrease in stock in trade	345.60	(1,433.31)
	b) Consumption of raw materials	2,269.32	8,977.74
	c) Purchase of finished good	1,604.33	9,044.25
	d) Employees' cost	41.53	150.74
	e) Depreciation / Amortisation	21.20	88.66
	f) Other expenses	150.76	497.00
		4,432.74	17,325.08
3	Profit from Operation before Other Income, Interest and Exceptional Items (1-2)	274.64	1,107.65
4	Other Income	0.44	3.08
5	Profit before Interest and Exceptional Items (3+4)	275.08	1,110.73
6	Interest (net)	140.69	571.77
7	Profit after Interest but before Exceptional Items (5-6)	134.39	538.96
8	Exceptional Items	-	-
9	Profit from Ordinary Activities before tax (7-8)	134.39	538.96
10	Tax Expenses:		
	- Current Tax	(33.00)	(77.00)
	- Mat Credit Entitlement	-	18.00
	- Deferred Tax (Expenses) / Benefits	2.20	92.44
	- Wealth tax	-	(0.35)
11	Net Profit from Ordinary Activities after tax (9-10)	103.59	572.05
12	Extra ordinary items	-	-
13	Net Profit for the year	103.59	572.05
14	Paid-up Equity Share Capital (Face Value of Rs.10 each)	600.00	600.00
15	Reserves excluding Revaluation Reserve	-	4,745.30
16	Earning per share (EPS)		
	Basic and diluted EPS before and after Extraordinary items	1.69	11.70
17	Public Shareholding		
	- Number of shares	15,000,000	15,000,000
	- Percentage of shareholding	25.00%	25.00%
18	Promoters & Promoter group Shareholding		
	a) Pledged / Encumbered		
	- Number of shares	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-
	b) Non-Encumbered		
	- Number of shares	45,000,000	45,000,000
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00%	100.00%
	- Percentage of shares (as a % of the total share capital of the Company)	75.00%	75.00%



For C. MAHENDRA EXPORTS LTD.

(Signature)
(Mahendra C. Shah) DIRECTOR

Notes:

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 13 August 2011.
- 2 In accordance with the requirement of Clause 41 of the listing agreement with the stock exchange, the auditors have carried out a limited review of the aforesaid results for the quarter ended 30 June 2011. Since the Company has published its quarterly results for the first time post listing on 20 January 2011, the figures for corresponding quarter of the previous year have not been furnished.
- 3(a) The auditors has qualified their opinion for the current period and previous year in respect of valuation of stock of finished goods (polished diamonds). The cost is based on technical estimate by the management. In view of the nature of variation in the value of individual diamonds, the differentials in their costs, it is not practical to compute the cost of polished diamonds using either FIFO or weighted average cost. In view of the multiple grades, it is not practical to use specific cost. The basis of computing cost used on consistent basis, to avoid distortion in valuation, is to that extent a deviation from that prescribed by Accounting Standard (AS)-2 'Valuation of Inventories'. The impact on profit for the period / year, reserves and surplus and inventories, due to the above deviations is not ascertainable.
- 3(b) The revaluation reserve on fixed assets of Rs.306.55 million prior to conversion of Partnership Firm M/s. C. Mahendra Exports under Part IX of the Companies Act, 1956 had been credited to Partner's Capital Account and written down value of all the fixed assets on the date of conversion (04 January 2007) have been carried in the books of the Company as cost. The above treatment not being in accordance with Accounting Standard (AS)-10 "Accounting for fixed assets" and AS-6 "Depreciation Accounting" the auditors has qualified their opinion for the current period and previous year. The impact on profit for the period / year, reserves and surplus and fixed assets due to above deviations is not ascertainable.
- 4 During the previous year, the Company completed an Initial Public Offer (IPO) of 15,000,000 equity shares of Rs.10 each for cash at a price of Rs.110 each aggregating to Rs.1,650 millions. The premium of Rs.100 per share, amounting to Rs.1,500 millions from the allotment was credited to Securities premium account. The share issue expenses of Rs.93.69 millions incurred by the Company has been adjusted against the Security premium account.

Pursuant to the public issue, shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange effective from 20 January 2011.

- 5 Utilisation of fund received through initial public offer (IPO):

(Rs. in million)

Sr. No.	Description	Amount to be financed through the issue proceeds	Funds Utilised upto 30/06/2011	Funds Utilised upto 31/03/2011
i.	Setting up of a diamond processing unit at Gujarat Hira Bourse, SEZ, Ichchhapore, Surat	360.57	-	-
ii.	Setting up of a jewellery manufacturing unit at Mumbai	236.36	-	-
iii.	Setting up retail outlets	300.00	-	-
iv.	Brand development expenses	200.00	-	-
v.	Investment in capital of C. Mahendra BVBA	800.00	455.19	229.94
	Total	1,896.93	455.19	229.94
	Less: To be utilised form internal accruals	332.05		
	Net IPO proceeds to be utilised as per object of the issue	1,564.88		
	Issue related expenses	85.12	93.69	93.69
	Temporary investment in Bank Fixed deposits	-	1,101.12	1,326.37
	Total	1,650.00	1,650.00	1,650.00

- 6 The Company has only one business segment viz. Gems and Jewellery, which is being considered as the primary segment.
- 7 During the quarter ended 30 June 2011, three investor complaints were received and resolved. There were no investor complaint pending as at quarter end.
- 8 Previous year's figures have been regrouped and rearranged, wherever necessary.

For C. Mahendra Exports Limited

Mahendra G. Shah
Director

Place: Mumbai
Date: 13/08/2011

