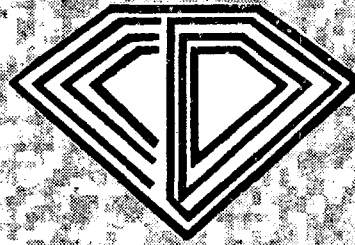


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TRA	<input checked="" type="checkbox"/>	A.S	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		



classic diamonds (india) limited

**Annual Report
1997-98**

11TH ANNUAL REPORT 1997 - 98**BOARD OF DIRECTORS**

Shri Chandrakant M. Bhansali
Chairman

Shri Kumar C. Bhansali
Managing Director

Shri Nirav K. Bhansali
Whole-time Director

Shri Kaushik C. Bhansali

Shri Jitendra K. Shah

Shri Dhansukh M. Doshi

Shri Tushar A. Mehta

SOLICITORS

M/s Wadia Ghandy & Co.
Advocates and Solicitors

AUDITORS

M/s Chandrakant & Sevantilal
Chartered Accountants

BANKERS

State Bank of India

Canara Bank

The United Western Bank Ltd.

IndusInd Bank Ltd.

Times Bank

State Bank of Indore

REGISTERED OFFICE

1002, Prasad Chambers,
Opera House,
Mumbai 400 004.



classic diamonds (india) limited

NOTICE

NOTICE is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the members of **CLASSIC DIAMONDS (INDIA) LIMITED** will be held at **ASHOKA HALL, ARCADIA, NARIMAN POINT, MUMBAI 400 021** on **SATURDAY, the 26TH DECEMBER, 1998 AT 10.15 A.M.** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri Chandrakant M. Bhansali, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kumar C. Bhansali, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Nirav K. Bhansali, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and Branch Auditors and fix their remuneration.

BY ORDER OF THE BOARD

KUMAR C. BHANSALI
MANAGING DIRECTOR

Registered Office
1002 Prasad Chambers
Opera House
Mumbai - 400 004

Mumbai
Dated: 29th September, 1998

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 a Proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company was closed from Wednesday the 23rd September, 1998 to Monday the 28th September, 1998 (both days inclusive).
5. If dividend on shares as recommended by the Directors is declared at the meeting, such dividend will be paid to those members whose names appear on the Company's Register of Members as on Thursday, the 7th January, 1999.
6. Members seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

BY ORDER OF THE BOARD

Report Junction.com**KUMAR C. BHANSALI**
MANAGING DIRECTOR

Registered Office
1002 Prasad Chambers
Opera House
Mumbai - 400 004

Mumbai
Dated: 29th September, 1998



classic diamonds (india) limited

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in submitting their Eleventh Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1998.

(Rupees in lacs)

	For the year ended 31/03/98	For the year ended 31/03/97
1. FINANCIAL RESULTS		
Profit before Interest & Depreciation	945.53	768.81
Less: i) Interest	577.88	566.72
ii) Depreciation	30.69	28.67
	<u>608.57</u>	<u>595.39</u>
Profit before Taxation	336.96	173.42
Provision for Taxation	5.00	—
Profit after Taxation	331.96	173.42
Balance in Profit & Loss Account brought forward	936.41	789.94
	<u>1268.37</u>	<u>963.36</u>
2. APPROPRIATIONS		
Proposed Dividend (including Dividend Tax)	26.95	26.95
Balance carried forward	1241.42	936.41
	<u>1268.37</u>	<u>963.36</u>
3. DIVIDEND		

Keeping in view the requirements of funds for expansion of the business, your Directors are pleased to recommend 7% dividend, for the year ended March 31, 1998, which if approved by the members at the forthcoming Annual General Meeting, will be paid to those members whose names appear on the register of members of the company as on 7th January, 1999.

4. OPERATING RESULTS

Sales and other income during the year under review amounted to Rs. 11642.70 lacs. Profit after tax was Rs. 331.96 lacs. Despite the growing competition and recession in international market, the company was able to sustain its profits.

5. BUSINESS PROSPECTS

Current market conditions in the international diamond business is same as that of earlier years. Your directors feel that there is a condition of excess supply of polished diamonds of the type manufactured in India in the world market and therefore there is little likelihood of increase in unit realisation of our product. However, the company remains committed to maintaining reasonable growth and profitability.

6. FINANCE

During the year the Company was able to obtain adequate working capital finance from its consortium of Banks.

7. DIRECTORS

Shri Chandrakant M. Bhansali, Shri Kumar C. Bhansali and Shri Nirav K. Bhansali, Directors retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The board recommends their re-appointment.

8. AUDITORS

M/s Chandrakant & Sevantilal, Chartered Accountants will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received the certificate from the Auditors to the effect that their re-appointment if made, will be within the limits prescribed under Section 224 (1) of the Companies Act, 1956. M/s. B.J. Jain & Associates, Chartered Accountants were appointed by the Board as branch auditors to audit the accounts of Ahmedabad branch for the year under review. Your directors recommend their reappointment as branch auditors for Ahmedabad branch and such other branches which may be opened during the year.

9. FIXED DEPOSIT

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

10. PERSONNEL

The relationship between the company and its employees has remained extremely cordial. The Directors take this opportunity of recording their deep appreciation of the services rendered by the employees.

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

The information pursuant to Section 217 (i)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given below :-

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research and Development (R & D)

1. Specific areas in which R & D is carried out by the Company - Cutting and Polishing of diamonds and manufacture of jewellery as per International Standards are the areas in which general research and development work is carried out by the company.
2. Benefits derived as result of the above R & D-

In the diamond business the company would achieve better productivity and cost reduction due to in-house design and manufacture of consumable items. In jewellery there will be a potential for increase in sales due to the above activities.



classic diamonds (india) limited

3. Expenditure on R & D

- a. Capital
- b. Recurring
- c. Total
- d. Total R & D expenditure as a Percentage of total turnover

Included in the Manufacturing Cost

4. Efforts in brief, made towards Technology absorption and innovation -

The Company is planning to develop some new auxiliary machines for enhancing the productivity. It keeps itself abreast of the technical developments and innovations in the Company's line of products worldwide and tries to bring about improvement in the product for better quality, cost effectiveness etc.

5. Benefits derived as a Result of above efforts eg. product improvement, cost reduction, product development, import substitution etc.-

The benefits will be reflected in precision and quality of the product, use of indigenous equipment as import substitute and cost reduction.

6. 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
- c. Has technology been fully absorbed
- d. If not fully absorbed areas where this has not taken place, reason therefore and future plans of action

The company has not imported any technology since its formation.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Information regarding foreign exchange earnings and outgo is given below :

- * Total foreign exchange used : Rs.10083.64 Lacs
- ** Total foreign exchange earned : Rs.11245.45 Lacs

12. ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their deep appreciation and sincere gratitude to the various departments of Central and State Governments and all the bankers of the Company for their valuable assistance and look forward to their continued co-operation.

Yours Directors gratefully acknowledge the support and goodwill by the esteemed supplier of rough diamonds namely Diamond Trading Company, London and all our foreign patrons.

Your Directors are also grateful to the members for their support of and confidence in the Company.

FOR AND ON BEHALF OF THE BOARD

CHANDRAKANT M. BHANSALI
CHAIRMAN

Mumbai

Dated : 29th September, 1998

AUDITORS' REPORT**TO THE MEMBERS OF CLASSIC DIAMONDS (INDIA) LIMITED**

We have audited the attached Balance Sheet of "CLASSIC DIAMONDS (INDIA) LIMITED", Mumbai as at 31st March, 1998 and also the Profit and Loss account of the Company for the year ended on that date annexed thereto in which are incorporated the return from Ahmedabad branch audited by Branch Auditors and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and in terms of the information and explanation given to us and on the basis of such checks as we considered appropriate, we enclose in an Annexure hereto a statement on the matters referred to in para 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (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 the books and proper return adequate for the purpose of our audit have been received from its Ahmedabad branch not visited by us.
 - (c) The Branch Auditor's report has been forwarded to us and appropriately dealt with.
 - (d) The Balance Sheet and Profit and Loss account dealt with by this Report are in agreement with the books of account;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Notes thereon, including in particular Note re: change in method of valuation of inventory, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998; and
 - (ii) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date.

FOR CHANDRAKANT & SEVANTILAL
Chartered Accountants

[CHANDRAKANT T. SHAH]
PARTNER

Mumbai
Dated : 29th September, 1998