



12TH ANNUAL REPORT 1998 - 99

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

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 **TWELFTH 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 11TH SEPTEMBER, 1999 AT 10.15 A.M.** to transact the following Ordinary Business :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 1999 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 Dhansukh M. Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Tushar A. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and Branch Auditors, and fix their remuneration.

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 will remain closed from Tuesday the 7th September, 1999 to Saturday the 11th September, 1999 (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 11th September, 1999.
6. Equity Shares of the Company are listed on the Stock Exchange, Mumbai. The Company has paid the annual listing fee to the said Stock Exchange.
7. Shareholders are advised to avail the nomination facility and submit the nomination form under the format as prescribed by the Companies Act, 1956.
8. 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

KUMAR C. BHANSALI
MANAGING DIRECTOR

Registered Office :
1002 Prasad Chambers, Opera House
Mumbai - 400 004
Dated: 1st July, 1999

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in submitting their Twelfth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 1999.

(Rupees in lacs)

	For the year ended 31/03/99	For the year ended 31/03/98
1. FINANCIAL RESULTS		
Profit before Interest & Depreciation	1286.32	945.53
Less: i) Interest	534.63	577.88
ii) Depreciation	28.82	30.69
	<u>563.45</u>	<u>608.57</u>
Profit before Taxation	722.87	336.96
Provision for Taxation	6.00	5.00
Profit after Taxation	716.87	331.96
Balance in Profit & Loss Account brought forward	1241.42	936.41
	<u>1958.29</u>	<u>1268.37</u>
2. APPROPRIATIONS		
Proposed Dividend (including Dividend Tax)	38.50	26.95
Balance carried forward	1919.79	1241.42
	<u>1958.29</u>	<u>1268.37</u>

3. DIVIDEND

Keeping in view the requirements of funds for expansion of the business, your Directors recommend 10% dividend, for the year ended March 31, 1999, 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 11th September, 1999.

4. OPERATING RESULTS

The Company continued its superior performance and rapid growth during the year ended 31st March, 1999. The Company earned a gross income of Rs. 14,641.07 lacs as against Rs. 11,734.35 lacs during the previous year which translates into a growth rate of about 25%. Profit after tax stood at Rs. 716.78 lacs, up 115% from Rs. 331.96 lacs recorded in the previous year.

5. BUSINESS PROSPECTS

Current market conditions in the international diamond business are showing the signs of improvement. Your directors feel that the Company would repeat the performance of the earlier year by showing good increase in the turnover and the profits.

6. FINANCE

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



CLASSIC DIAMONDS (INDIA) LIMITED

7. DIRECTORS

Shri Dhansukh M. Doshi and Shri Tushar A. Mehta, 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 re-appointment 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

None of the employees of the Company is paid remuneration in excess of the prescribed limits. Therefore, the particulars of employees, within the meaning of Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Amendment) Act, 1988, are not given.

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 (1)(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 the 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.

3. Future Plan of Action -

The Company is planning to import machineries from foreign countries to effect further cost reduction and improve productivity.

4. Expenditure on R & D

a. Capital	:
b. Recurring	:

- c. Total : Included in the Manufacturing Cost
 d. Total R & D expenditure as a Percentage of:
 total turnover

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

The Company is in the process of developing 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.

6. 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.

7. 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 | } | The Company has not imported any technology since its formation. |
| 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 | } | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Information regarding foreign exchange earnings and outgo is given below :

- * Total foreign exchange used : Rs. 79,157.93 Lacs
- ** Total foreign exchange earned : Rs. 1,41,89.39 Lacs
- * The foreign exchange used includes the advance remittances made for raw materials which are either currently under process or will be delivered.
- ** Foreign exchange earned includes bills to be realised.

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.

Your 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 and confidence in the Company.

FOR AND ON BEHALF OF THE BOARD

CHANDRAKANT M. BHANSALI
 CHAIRMAN

Mumbai.

Dated : 1st July, 1999