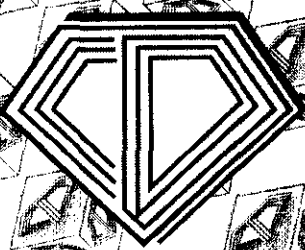
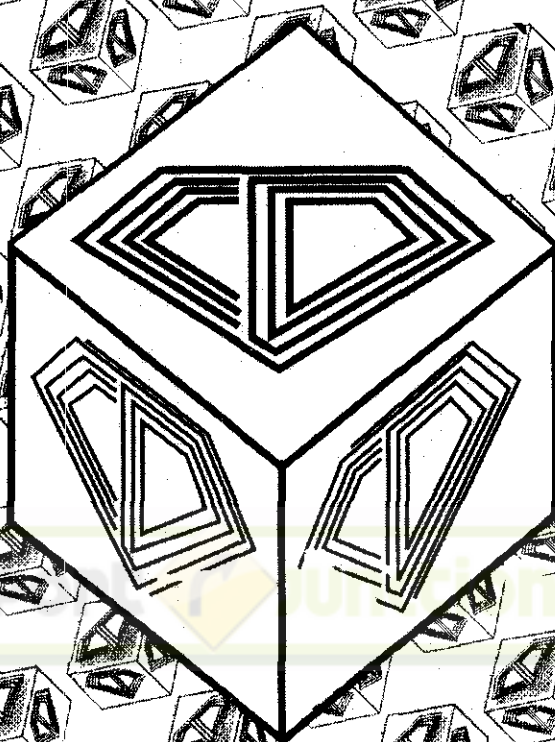


Annual Report 1999-2000



Classic Diamonds (India) Limited

*Annual Report - 1999-2000***13TH ANNUAL REPORT 1999-2000****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

AUDITORS

M/s. Chandrakant & Sevantilal
Chartered Accountants

BANKERS

State Bank of India

Canara Bank

The United Western Bank Ltd.

IndusInd Bank Ltd.

Allahabad 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 **THIRTEENTH 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 16TH SEPTEMBER, 2000** 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, 2000 and the Balance Sheet as on that date together with the Directors' and Auditors' Reports.
2. To note payment of dividend on equity shares.
3. To appoint a Director in place of Shri Kaushik C Bhansali, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri Jitendra K Shah, 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 Monday the 11th September, 2000 to Saturday the 16th September, 2000 (both days inclusive).
5. The Company had notified 25th May, 2000 as the Record Date for payment of interim dividend. The dividend were paid to the members whose name appeared in the Register of Members on 25th May, 2000.
6. Equity Shares of the Company are listed on the Stock Exchange, Mumbai. The Company has paid the annual listing fee to the said 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 intending to require information about the 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: 21st June, 2000

*Annual Report - 1999-2000***DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in submitting their Thirteenth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2000.

	For the year ended 31/03/2000	(Rupees in lacs) For the year ended 31/03/99
1. FINANCIAL RESULTS		
Sales	20468.64	14577.86
Profit before Interest & Depreciation	1671.59	1286.32
Less: i) Interest	649.37	534.63
ii) Depreciation	40.56	28.82
	<u>689.93</u>	<u>563.45</u>
Profit before Taxation	981.66	722.87
Provision for Taxation	5.00	6.00
Profit after Taxation	976.66	716.87
Balance in Profit & Loss Account brought forward	1919.79	1241.42
Excess provision for Taxation of earlier year written back	0.06	—
	<u>2896.51</u>	<u>1958.29</u>
2. APPROPRIATIONS		
Interim Dividend (including Dividend Tax)	46.97	38.50
Transfer to General Reserve	50.00	—
Balance carried forward	<u>2799.54</u>	<u>1919.79</u>
	<u>2896.51</u>	<u>1958.29</u>

3. DIVIDEND

The Directors had declared an interim dividend @12% i.e. Re. 1.20 paise per fully paid equity share and the same was paid to the members whose name appeared in the Register of Members on 25th May, 2000. With a view to conserve the resources, no final dividend has been recommended. The Board has decided to confirm the interim dividend as final dividend.

4. OPERATING RESULTS

The Company continued its superior performance and rapid growth during the year ended 31st March, 2000. The Company earned a gross income of Rs.20674.01 Lacs as against Rs.14,641.07 Lacs during the previous year. Profit after tax stood at Rs.976.66 Lacs as against Rs.716.87 Lacs for the previous year resulting in an increase of 36.24%.

5. BUSINESS PROSPECTS

The diamond business worldwide is growing rapidly. The Company is fully geared up to take the full advantage of the market opportunities available. The turnover till date has shown a good improvement compared to previous year. Considering the order position on hand and assured availability of rough diamonds, your directors are confident of repeating the performance made in earlier years by showing substantial increase of exports and profits.



CLASSIC DIAMONDS (INDIA) LIMITED

6. FINANCE

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

7. DIRECTORS

Mr. Tushar A Mehta resigned as Director on 21st June 2000 your Directors record. Their appreciation of the valuable guidance given by Mr. Tushar A. Mehta as a Director of the Company. Shri Kaushik C Bhansali and Shri Jitendra K Shah, 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

Your Company has neither accepted nor renewed any deposit during the year under review under Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

10. YEAR 2000 (Y2K) RELATED ISSUES

The Company successfully completed the transition into the year 2000 and its system overcame the Y2K bug. The system proved to be compliant and no inconsistencies have arisen.

11. PERSONNEL

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company during the year. During the year under review no employee has drawn salary exceeding the limits stated in Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. The relationship between the company and its employees has remained extremely cordial. The director take this opportunity of recording their deep appreciation of the services rendered by the employees.

12. 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.

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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
d. Total R & D expenditure	}	Cost
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. | 14,463.45 Lacs |
| * Total foreign exchange earned | : | Rs. | 20,587.73 Lacs |
| * Foreign exchange earned includes bills to be realised. | | | |

13. 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 also acknowledge the continued support given by the esteemed shareholders and customers.

FOR AND ON BEHALF OF THE BOARD

CHANDRAKANT M. BHANSALI
CHAIRMAN

Mumbai.

Dated : 21st June, 2000