

# **14TH ANNUAL REPORT 2000-2001**



**CLASSIC DIAMONDS (INDIA) LIMITED**

*Annual Report - 2000-2001*

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**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**

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**AUDITORS**

M/s. Chandrakant & Sevantilal  
Chartered Accountants

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**BANKERS**

State Bank of India

Canara Bank

The United Western Bank Ltd.

IndusInd Bank Ltd.

Allahabad Bank

State Bank of Indore

ABN Amro Bank

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**REGISTERED OFFICE**

1002, Prasad Chambers

Opera House

Mumbai - 400 004.

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**CLASSIC DIAMONDS (INDIA) LIMITED****NOTICE**

NOTICE is hereby given that the FOURTEENTH 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 15th September, 2001 at 10.30 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, 2001 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 consider and if thought fit, to pass with or without modification(s), the following as Ordinary Resolution :  
 "RESOLVED THAT M/s. M. V. Damania & Co. Chartered Accountants, be appointed as the Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting (in place of M/s. Chandrakant & Sevantilal, Chartered Accountants, who have not offered themselves for reappointment) at such remuneration as may be mutually agreed to by the Board of Directors and the proposed Auditors, and in respect of whom the Company has received a notice in writing under Section 225 of the Companies Act, 1956 from a shareholder expressing his intention of proposing the appointment of M/s. M. V. Damania & Co. Chartered Accountants, as the Statutory Auditors of the Company."

**SPECIAL BUSINESS**

7. To consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution :  
 "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner :

## A. The following shall be substituted for the existing Article 2 :

**INTERPRETATION**

In the interpretation of these Articles, the following expressions shall, unless repugnant to the subject or context, have the meaning hereby respectively assigned to them.

- (1) "The Act" or "The said Act" means "The Companies Act, 1956", as amended upto date or other law for the time being in force in India containing such provisions as related to, or concern the Company.
- (2) "Article" or "Articles" shall mean all or any of the articles contained in these Articles of Association to any reference to and "The Article" or "these Articles" shall mean these Articles of Association.
- (3) "Auditors" means and includes those persons appointed as statutory auditors, for the time being, of the Company.
- (4) "Beneficial Owner" means a person or persons whose name is recorded as such with a Depository.
- (5) "The Board" or "Board of Directors" means The Board of Directors of the Company duly constituted in accordance with these Articles.
- (6) "Capital" means the capital for the time being raised, or authorized to be raised, for the purpose of the Company.
- (7) "The Company" or "This Company" means CLASSIC DIAMONDS (INDIA) LIMITED.

*Annual Report - 2000-2001*

- (8) "Debentures" include Debenture stock, bonds and any other securities of the Company or any other company, as the case may be.
- (9) "Depositories Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof for the time being in force.
- (10) "Depository" means a Company formed and registered under the Act and which has been granted certificate or registration to act as a Depository under the Securities and Exchange Board of India Act, 1992.
- (11) "Depository Participant" means a participant as defined under clause (g) of Sub-Section 1 of Section 2 of the Depositories Act, 1996.
- (12) "Directors" means the Director or Directors as the case may be for the time being of the Company.
- (13) "Dividend" includes bonus.
- (14) "Documents" include summons, notice, requisitions, order, other legal process and registers, whether issued, sent or kept in pursuance of the Act or any other law or these Articles or otherwise.
- (15) "ESP" shall mean 'Employee Stock Plan' which shall include any "Employee Stock Option Plan and Employee Share Purchase Plan" as implemented by the Board from time to time. For this purposes, employee shall mean any permanent employee of the Company or of its Subsidiary and shall include such class of people including consultants and advisors as the Board may determine and accordingly resolve from time to time.
- (16) "Executor" or "Administrator" means a person who has obtained probate or letters of administration, as the case may be, from a competent Court.
- (17) "In writing" and "written" include printing, lithography and other modes of representing or reproducing words in a visible form.
- (18) "General Meeting", "Annual General Meeting" and "Extraordinary General Meeting" shall have the same meaning as assigned to them in the Act.
- (19) "Member(s)" or "Shareholder(s)" unless otherwise provided, means the duly registered holder(s) from time to time of the shares of the Company and includes the subscribers of the Memorandum of Association of the Company and also every person whose name is entered as Beneficial Owner in the records of the Depository.
- (20) "Memorandum" shall mean the Memorandum of Association of the Company.
- (21) "Managing Director" shall mean the managing director of the Company appointed in accordance with these Articles.
- (22) "Month" means the month of the English calendar referred to.
- (23) "Paid Up" means and includes the amount(s), if any, credited and paid up.
- (24) "Persons" means all persons, natural or legal, whether or not incorporated.
- (25) "Proxy" means an instrument whereby any person is authorized to vote for a Member at the General Meeting on a poll.
- (26) "These presents" or "Regulations" mean the Articles of Association as originally framed and altered from time to time and shall include the Memorandum as required by the context and intent of usage.
- (27) "The Register" means the Register of Members to be kept pursuant to the Act.
- (28) "Registered Office" means the Registered Office for the time being of the Company unless required otherwise by context or intent of usage.
- (29) "Seal" means the Common Seal of the Company.
- (30) "SEBI" means the Securities Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
- (31) "SEBI (ESOP) Guidelines" means the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and shall include any modifications, enactments, regulations or amendments including any directions issued under them.
- (32) "Secretary" shall mean the duly appointed Company Secretary.

## CLASSIC DIAMONDS (INDIA) LIMITED

- (33) The term "Security" includes shares, scrips, stocks, preference shares, bonds, debentures, debenture stocks, warrants, or other securities of any nature in or of the Company; and rights or interests in securities.
- (34) "Share" or "Shares" shall mean all or any of the shares in the share capital of the Company.
- (35) "Whole time Director" means the Whole Time Director of the Company appointed in accordance with these Articles.
- (36) "Year" means calender year and "Financial Year" shall have meaning assigned thereto by Section 2(17) of the Act.

A reference in the Articles to any specific provision of the Act shall be deemed to include a reference to any other applicable provisions of the Act.

Words imparting the masculine gender also include the feminine gender.

Words implying the plural also include the singular and vice versa.

The marginal notes and catch lines hereto shall not affect the construction hereof.

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

- B. The following shall be substituted for the existing Article 30 :

### *Buy Back Of Shares*

Subject to and in full compliance of the requirements of Sections 77A, 77AA and 77B of the Companies Act, 1956, or corresponding provisions of any re-enactment thereof and any Rules and Regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a Special Resolution authorize buy-back of any part of the share capital of the Company fully paid up on that date.

- C. The following shall be substituted for the existing Article 80:

### *Register of transfer and transmission*

The Company shall keep a register (including in an electronic form) to be called the "Register of Transfers" and therein shall fairly and distinctly be entered the particulars of every transfer or transmission of the Shares of the Company.

- D. The following new Article 82A be inserted after the existing Article 82.

## DEMATERIALIZATION OF SECURITIES

### *Interest in dematerialized securities under Depositories Act*

82A (1) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository(ies) in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996.

### *Dematerialisation/Rematerialisation*

82A (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialized form pursuant to the Depositories Act 1996 and the rules framed thereunder, if any.

### *Securities in fungible form*

82A (3) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

*Annual Report - 2000-2001**Depositories and Beneficial Owners*

82A (4) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

*Beneficial Owner as absolute owner*

82A (5) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

*Cancellation of certificates*

82A (6) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

*Options for investors*

82A (7) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

*Provisions of Articles*

82A (8) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository.

*Securities held in a Depository*

82A (9) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form.

E. The following new Article 82B be inserted after Article 82A:

*Nomination*

Notwithstanding anything contained herein, Member(s) has a right to nominate one or more persons as his/her nominee(s) to be entitled to the rights and privileges as may be permitted under the law in the event of death of said member(s) subject to the provisions of the Companies Act, 1956, and other applicable laws.

## CLASSIC DIAMONDS (INDIA) LIMITED

- F. The following shall be substituted for the existing Article 89:

*Register and Index of Beneficial Owners*

89. The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Section 150 to 152 of the Act, and the Depositories Act, with details of shares and debentures held in material and dematerialized form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

- G. The following new Article 109A be inserted after Article 109:

*Postal Ballot*

109A. Subject to the provisions of section 192A of the Act and the Rules made thereunder, the Company shall get the resolution(s) passed by means of a postal ballot.

- H. The following shall be added in the existing Article 153 after clause (f) :

(g) such person is already a director of a public company which

- (A) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or
- (B) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more: Provided that such person shall not be eligible to be appointed as a director for a period of five years from the date on which such public company, in which he is a director, failed to file annual accounts and annual returns under sub-clause (A) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (B).

- I. The following shall be substituted for the existing Article 212:

*Dividend to be paid within 30 days*

212. The Company shall deposit the dividend in a separate bank account within five days of declaration of such dividend and shall pay the dividend or send the warrant in respect thereof to the shareholder entitled to the payment of dividend, within thirty days from the date of declaration unless :

- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where a shareholder has given directions regarding the payment of the dividend and those directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder; or
- (e) where for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company.

- J. The following shall be substituted for the existing Article 214:

*Transfer of unclaimed Dividend*

214 (a) Where the dividend has been declared but not claimed or the warrant in respect thereof has not been posted, within thirty days from the date of the declaration to any share holder entitled to the payment thereof, the Company shall within seven days from the date of expiry of the said period of thirty days transfer the total amount of dividend, which remains unpaid or in relation to which no dividend warrant has been posted within the said period of thirty days to a special account to be opened by the Company in that behalf in any Scheduled Bank, to be called 'unpaid dividend' account of Classic Diamonds (India) Limited.



*Annual Report - 2000-2001*

- (b) any money transferred to the unpaid dividend account of the Company in pursuance of Clause (a) hereof which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of Section 205C of the Companies Act, 1956 and the Rules made thereunder.
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
- "RESOLVED that pursuant to Section 163 of the Companies Act, 1956 the Company hereby approves that the Registers and Indexes of Member, and copies of Annual Returns prepared under Section 159 of the Act together with copies of the certificates and documents required to be annexed thereto under Section 161 of the said Act be kept at the office of M/s. Intime Spectrum Registry Pvt. Ltd., 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080."
- "RESOLVED FURTHER THAT the Registers, Indexes, Returns, copies of certificates and other documents of the Company referred to above be kept open for inspection at the place where they are kept, by the persons entitled thereon, to the extent, in the manner and on payment of fees, if any, specified in the said Act between 10.30 a.m. to 1.00 p.m. on any working day, except when the Registers and Books are closed under the provisions of the Companies Act or the Articles of Association of the Company."

**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. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE MEETING.
2. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 11th September, 2001 to Saturday the 15th September, 2001 (both days inclusive).
4. The Company's shares are in compulsory demat trading with effect from 13th March, 2001 for all investors. In view of this and also to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding in physical form to dematerialise their shares at the earliest.
5. The Company has appointed M/s. Intime Spectrum Registry Pvt. Ltd., as depository connectivity provider and Share Transfer Agents and all the correspondence pertaining to shares in physical or dematerialised mode including change of address intimation may be addressed to M/s. Intime Spectrum Registry Pvt. Ltd., Unit - Classic Diamonds (India) Limited at 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai 400 080, Tel. Ph:5923837(10 Lines), Fax No:5672693, E-mail: isrl@vsnl.com.  
The Equity Shares of the Company have been allotted International Securities Identification Number (ISIN) INE 987C01016. Members are requested to open a De-mat account with any of the depository participants to enable transacting in the Stock Exchange.
6. Dividend if declared, will be paid to those members whose names appear on the Company's Register of Members as on 15th September, 2001, subject however to the provisions of Section 206A of the Companies Act, 1956. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
7. Equity Shares of the Company are listed on the Stock Exchange, Mumbai. The Company has paid the annual listing fee to the said Exchange.
8. To avail the facility of nomination, members may write to the Company for nomination form (Form 2B).
9. 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.
10. Members are requested to encash the dividend warrants immediately on receipt, as dividends remaining unclaimed for seven years are now required to be transferred to the "Investor Education and Protection Fund"