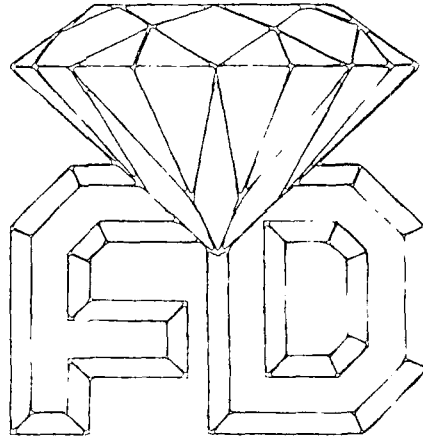


MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		CU	NA
TRA	✓			✓
AGM	✓	✓		✓
YE	✓	✓		✓



Flawless
Diamond
(India) Ltd.

FOR FLAWLESS DIAMOND (INDIA) LIMITED.
 MANAGING DIRECTOR.

9th ANNUAL REPORT
 1997-98

FLAWLESS DIAMOND (INDIA) LIMITED

BOARD OF DIRECTORS

Uttamchand A. Jain Chairman
Bhawar U. Jain Managing Director
Bhanwarlal M. Sankhala
Kamal U. Jain
Ramesh Pilani
Anil U. Jain

AUDITORS

Suresh Anchaliya & Co.
Chartered Accountants

BANKERS

The Bank of Rajasthan Ltd.
State Bank of India

REGISTERED OFFICE

120, Prasad Chambers,
Opera House, Mumbai - 400 004.

WORKS

27, Manish Industrial Estate No.5,
Village Navghar,
Vasai Road, Dist. Thane (Maharashtra) - 401202.

401, Harsh Park,
Kalapesee Street, Nanpura, Surat

✓ REGISTRAR & SHARE TRANSFER AGENTS Adroit Corporate Services Pvt. Ltd.

Gala No. 3 & 4,
Near Maharashtra Weigh Bridge,
Link Road, Sakinaka, Andheri (E),
Mumbai - 400 072.

Phone: 852 5159 Fax: 852 5267

9th Annual General Meeting

on

23rd September, 1998
at 3.30 P.M.

at

Preview Theatre
Novelty Chambers, 2nd Floor,
Grant Road, Mumbai - 400 007.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Nineth Annual General Meeting of Flawless Diamond (India) Limited will be held on Wednesday, the 23rd Day of September, 1998 at 3.30 P.M at Preview Theatre, Novelty Chambers, Grant Road, Mumbai 400 007 to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit and Loss Account for the year ended on that date and report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri. Bhawar U. Jain who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Shri. Anil U. Jain who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

For and on Behalf of the Board of Directors

UTTAMCHAND A. JAIN
Chairman

Registered Office
120, Prasad Chambers,
Opera House,
Mumbai - 400 004
Dated : 5th August, 1998.

NOTES :

1. A Member entitled to attend and vote is entitled to appoint proxy /ies to attend and vote instead of himself and proxy need not be a member of the Company. However proxy forms should be deposited at the registered office of the company not later than 48 hours before commencement of the meeting.
2. The register of members and share transfer books of the company will remain closed from 16th September, 1998 to 23rd September, 1998 (both days inclusive).
3. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.
4. Members are requested to bring their attendance slip, duly signed, so as to avoid inconvenience.

FOR FLAWLESS DIAMOND (INDIA) LIMITED.
MANAGING DIRECTOR.

FLAWLESS DIAMOND (INDIA) LIMITED**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors hereby present their Ninth Annual Report and Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

	Year ended 31st March, 1998 Rs. '000	Year ended 31st March, 1997 Rs. '000
Profit before Depreciation	3171	3927
Less : Depreciation	2400	2690
Profit before tax	771	1237
Less : Provision for taxation	81	160
Profit after taxation	690	1077
Add : Balance Brought Forward from the previous year	44516	43439
Amount available for appropriation	<u>45206</u>	<u>44516</u>
APPROPRIATION		
1. Dividend	—	—
2. Transfer to General Reserves	—	—
3. Balance Carried to Balance Sheet	<u>45206</u>	<u>44516</u>
	<u>45206</u>	<u>44516</u>

OPERATIONAL REVIEW

During the year under review, the Company has achieved turnover of Rs. 2936.86 lakhs as compared to Rs. 1670.48 lakhs in the previous year.

EXPORTS

The company has made an export turnover of Rs. 1240.59 lakhs as compared to Rs. 1173.99 lacs in the Previous Year. Your directors are doing their sincere effort to increase the exports.

DIVIDEND

The Board do not recommend dividend, in view of low profit during the year. The Earlier year profit has been retained for its working capital requirements, and to strengthen reserves.

DIRECTORATE

Pursuant to Article 164 of the Articles of Association of the Company, Shri. Bhawar U. Jain and Shri. Anil U. Jain retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

DEPOSITS

Your company has not invited or accepted any public deposits during the year.

INSURANCE

The properties, assets, and stocks of the Company are adequately insured.

AUDITORS

You are requested to appoint Auditors for the current year and to fix their remuneration. M/s. Suresh Anchaliya & Co., Chartered Accountants, the retiring Auditors are eligible for reappointment.

PARTICULARS FOR EMPLOYEES

There is no employee covered pursuant to Sec 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by the companies Amendment Act, 1988. Hence, no particulars are given.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

The information pursuant to section 217(i) (a) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of 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' in relation 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 of by the Company. | Latest designs, better polishing, maximum output of Jewellery as per International Standards. |
| 2. Benefits derived as | i. Better Quality
ii. Low wastage in filing
iii. Improved in Polishing |
| 3. Future Plan of Action | Future Plan of Action Import of new machinery to achieve cost reduction, quality control and improve productivity and acquire latest designs of the jewellery in the international market. |
| 4. Expenditure on R&D | |
| a. Capital | NIL |
| b. Recurring | NIL |
| c. Total | NIL |
| d. Total R&D Expenditure as a percentage of total turnover | NIL |

Technology Absorption, Adaptation and Innovation :

- | | |
|---|--|
| 1. Efforts in brief, made towards Technology absorption and innovation | The Company is in the process of developing some new auxiliary machines for enhancing productivity. It keeps innovations in the Company's line of products world wide and tries to bring about improvement in the product for better quality, cost effectiveness etc. The management are making their sincere efforts in the above area. |
| 2. Benefits derived as a result of above efforts e.g product improvement, cost reduction, product development, import substitution etc. | The benefits are reflected in the areas of improvement in precision and quantity of the product, use of indigenous equipments as import substitute and cost reduction. |
| 3. 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 | NIL |
| b. Year of Import | NOT APPLICABLE |
| c. Has technology been fully absorbed | NOT APPLICABLE |
| d. If not fully absorbed areas where this has not taken place, reason therefore and future plans of action. | NOT APPLICABLE |

C. Foreign Exchange Earnings & Outgo:

The Total exports for the year 1997-98 amounting to Rs. 1240.59 lakhs. The Company is concentrating more on export of high value added polished diamonds and jewellery.

Total foreign exchange used & earned		(Rs. in lakhs)
Total foreign exchange used (CIF)	:	58.96
Total foreign exchange earned (FOB)	:	1270.48

ACKNOWLEDGEMENT

The Directors wish to thank the Company's Bankers, Financial Institutions, Employees for the consistent support received from them through periods of prosperity and adversity.

For and on Behalf of the Board of Directors

UTTAMCHAND A. JAIN
Chairman

Registered Office:

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

Date: 5th August, 1998.