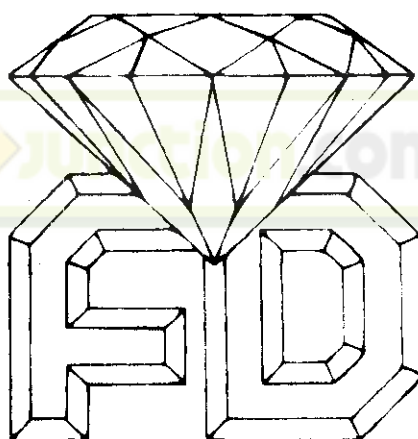


10th ANNUAL REPORT  
1998-99



*Flawless Diamond  
(India) Ltd.*

**FLAWLESS DIAMOND (INDIA) LIMITED**

**BOARD OF DIRECTORS**

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

**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.**  
19, Jafarbhoy Industrial Estate, 1st Floor,  
Makwana Road, Marol Naka,  
Mumbai - 400 059.  
Phone: 850 3748/852 5159 Fax: 852 0566.

**10th Annual General Meeting**

on  
24th September, 1999  
at 3.00 P.M.

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

## NOTICE

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of Flawless Diamond (India) Limited will be held on Friday, the 24th Day of September, 1999 at 3.00 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, 1999 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. Uttamchand A. 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.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification, the following resolution AS SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, if any, as may be required the consent and approval of the Company be and is hereby accorded to the appointment of Mr. Bhawar U. Jain, as Managing Director of the Company, for a period of two years with effect from 1st April, 1999 on the terms and conditions as mentioned in Explanatory Statement annexed hereto".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to alter or vary the terms of appointment of Mr. Bhawar U. Jain as it may, at its discretion, deem fit from time to time, so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendment made thereto".

For and on Behalf of  
the Board of Directors

Registered Office  
120, Prasad Chambers,  
Opera House,  
Mumbai - 400 004  
Dated : 10th August, 1999.

UTTAMCHAND A. JAIN  
Chairman

### 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 10th September, 1999 to 24th September, 1999 (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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

### ITEM NO.5:

In view of increase in the business activities of the Company and as also for good corporate governance the Board of Directors of the Company at their meeting held on 5th April, 1999 have appointed Mr. Bhawar U. Jain as a Managing Director for a period of two years with effect from 1st April 1999.

Mr. Bhawar U. Jain is an Industrialist and has the vast knowledge and varied experience of over 15 years in the business of Diamond Trade and Jewellery and his appointment will be beneficial to the Company.

By virtue of the explanation to Section 269 of the Companies Act, 1956, Mr. Bhawar U. Jain's appointment is to be construed as an appointment of a Managing Director attracting the provisions of the said section. Accordingly, the appointment of and payment of remuneration to Mr. Bhawar U. Jain is in accordance with Schedule XIII of the Companies Act, 1956. As required by Part II of the said schedule, the matter is placed before the members for their approval.

The main terms and conditions of his appointment are as under :

### D OVERALL REMUNERATION :

Subject to the provision of Section 198, 269 and Section 309 of the Companies Act, 1956 and other applicable provisions of the Act and modifications / amendments thereof, if any, the remuneration payable to the Managing Director shall be as follows.

1. **Salary :**  
Rs. 5000/- per month
2. **Perquisites :**
  - a. **Medical Benefits :** Reimbursement of medical expenses for himself and his family actually incurred during his tenure subject to a limit of one month's salary per year for the period of his tenure.
  - b. **Leave Assistance :** Return business class air fare, once in every year of service for himself and his family.
  - c. **Personal Accident Insurance :** Amount equal to actual accident premium subject to maximum of one month's salary.
  - d. **Club Fees :** Actual fees of clubs, subject to maximum of 2 Clubs.

### II) MINIMUM REMUNERATION :

Wherein any financial year during the continuance of the tenure of the Managing Director, the Company has no profits or its profits are inadequate the remuneration payable to the Managing Director by way of salary and perquisites shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956.

The Managing Director will not be entitled to sitting fees for the meeting of the Board/Committee attended by him.

### III) TERMINATION OF AGREEMENT :

If the Managing Director shall at any time be incapacitated by illness or otherwise from performing his duties for three consecutive months or in the opinion of the Board of Directors, if he becomes unfit to act as such Managing Director, the Company may terminate the agreement by giving two month's notice in writing or by paying an amount equivalent to two months salary. The Managing Director may also resign from his office by giving to the Company two months notice in writing.

Mr. Bhawar U. Jain as the recipient of the remuneration may be regarded as concerned with or interested in the resolution. Mr. Uttamchand Jain, Mr. Kamal U. Jain, Mr. Anil U. Jain being the relatives of Mr. Bhawar U. Jain may also be regarded as concerned with or interest in the resolution.

**FLAWLESS DIAMOND (INDIA) LIMITED****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors hereby present their Tenth Annual Report and Audited Accounts for the year ended 31st March, 1999.

**FINANCIAL RESULTS**

	Year ended 31st March, 1999 Rs. '000	Year ended 31st March, 1998 Rs. '000
Profit before Depreciation	3395	3171
Less : Depreciation	2062	2400
Profit before tax	1333	771
Less : Provision for taxation	377	81
Profit after taxation	956	690
Add : Balance Brought Forward from the previous year	45206	44516
Amount available for appropriation	46162	45206
<b>APPROPRIATION</b>		
1. Dividend	—	—
2. Transfer to General Reserves	—	—
3. Balance Carried to Balance Sheet	46162	45206
	46162	45206

**OPERATIONAL REVIEW**

During the year under review, the Company has achieved turnover of Rs. 2931.28 lakhs as compared to Rs. 2903.38 lakhs in the previous year.

**EXPORTS**

The company has made an export turnover of Rs. 1927.28 lakhs as compared to Rs.1310.59 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. Uttamchand A.Jain and Shri. Anil U.Jain retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

The Board appointed Mr.Bhawar U. Jain as Managing Director with effect from 1st April, 1999 for a period of two years and the requisite resolution is proposed for seeking your approval at the ensuing Annual General Meeting.

**STATUS ON Y2K**

The Company is Y2K complaint as far as the Software and Hardware used by the Company.

**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.