



*Flawless Diamond  
(India) Ltd.*

**13th ANNUAL REPORT  
2001-2002**

## FLAWLESS DIAMOND (INDIA) LIMITED

### BOARD OF DIRECTORS

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

### AUDITORS

Suresh Anchaliya & Co.,  
Chartered Accountants  
Mumbai.

### 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 (Mah.) - 401 202.

401, Harsh Park, Kalapesee Street,  
Nanpura, Surat.

### REGISTRAR & SHARE TRANSFER AGENTS

Adroit Corporate Services Pvt.Ltd.  
19, Jaferbhoy Industrial Estate,  
1st Floor, Makwana Road, Marol Naka,  
Mumbai - 400 059.  
Phone : 850 3748/859 0942 FAX : 692 4438  
Demat - Participation  
NSDL - INE345E01013

#### 13th Annual General Meeting

on  
20th September, 2002  
at 4.00 P.M.

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

**13TH ANNUAL REPORT 2001-2002****NOTICE**

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting of M/s. Flawless Diamond (India) Limited. will be held on 20th Day of September, 2002 at 4.00 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, 2002 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. Bhanwarlal M. Sankhala who retire by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Shri. Kamal U. Jain who retire by rotation and being eligible offer himself for reappointment.
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.

**Registered Office**  
120, Prasad Chambers,  
Opera House,  
Mumbai - 400 004.

For and on Behalf of the Board of Directors

**UTTAMCHAND A. JAIN**  
Chairman

Dated : 8th August, 2002

**NOTES :**

1. A Member entitled to attend and vote is entitled to appoint proxy 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, 2002 to 20th September 2002 (both days inclusive).
3. Members are requested to bring their attendance slip, duly filled in and signed for attending the meeting.

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

Your Directors have pleasure in presenting their 13th Annual Report and Audited Accounts for financial year ended 31st March, 2002.

**FINANCIAL RESULTS**

	<b>Year Ended 31st March, 2002 Rs. '000</b>	<b>Year ended 31st March, 2001 Rs. '000</b>
Profit before Depreciation	2292	2370
Less : Depreciation	676	783
Profit before Tax	1616	1587
Less : Provision for Taxation	614	314
Profit after Taxation	1002	1273
Add : Deffered Tax	58	—
Add : Balance Brought Forward from the previous year	44724	43451
	<u>45784</u>	<u>44724</u>

**APPROPRIATION**

1. Dividend	—	—
2. Transfer to Deffered Tax Liability	520	—
3. Balance Carried to Balance Sheet	45264	44724
	<u>45784</u>	<u>44724</u>

**OPERATIONAL REVIEW**

During the year under review, the Company has achieved turnover of Rs.5673.02 lakhs as compared to Rs.3289.92 lakhs in the previous year. Your directors are doing their sincere efforts to increase the turnover.

**EXPORTS**

The company has made an export turnover of Rs.2423.76 lakhs as compared to Rs.1449.37 lakhs 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.

**CORPORATE GOVERNANCE :**

In terms of the Listing Agreement with the Stock Exchanges, the company is required to comply with the Corporate Governance provisions by 2002-2003. The company has already taken steps towards complying with the requirements. The Board has constituted following committees before 31st March'2002 which have started functioning during the year.

<b>Name of Committee</b>	<b>Date of Forming of the Committee</b>
1. Audit Committee	27.04.2001
2. Shareholders/Investors Grievance Committee	23.03.2002
3. Remuneration Committee	23.03.2002
4. Share Transfer Committee	23.03.2002

A detailed compliance report on Corporate Governance will be complied in the next Annual Report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

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- (i) That in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

**DIRECTORS**

Pursuant to Article 164 of the Article of Association of the Company, Shri.Bhanwarlal M. Sankhala and Shri.Kamal U.Jain retires by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment. Shri.Ramesh Pilani resigned as a Director of the Company due to preoccupation w.e.f.12.11.2001. The Directors place on record a deep appreciation of valuable services rendered by Shri.Ramesh Pilani during his tenure as Director of the Company.

**DEPOSITS :**

Your company has not invited or accepted any fixed deposits from the public during the year under review.

**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 re-appointment.

**PARTICULARS FOR EMPLOYEES :**

There are 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.

**DEMATERIALISATION OF SHARES :**

1.72% Shares of total equity capital is held in dematerialised form with NSDL and 0.10% Shares of total equity capital is held in dematerialised form with CDSL, as on 31.03.2002.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING & 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) :** As the company is not engaged in any kind of manufacturing activities hence these particulars are not applicable.
- C. **Foreign Exchange Earning & Outgo :** The total exports for the year 2001-2002 amounting to Rs.1473.72 lakhs. The Company is concentrating more on export of high value added polished diamonds.

Total Foreign Exchange used & earned	:	Rs. (in lakhs)
Total Foreign Exchange used	:	1599.28
Total Foreign Exchange earned (FOB)	:	2472.26

**ACKNOWLEDGEMENT**

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

**Registered Office**  
120, Prasad Chambers,  
Opera House,  
Mumbai - 400 004.

For and on Behalf of the Board of Directors

**UTTAMCHAND A.JAIN**  
Chairman

Dated : 8th August, 2002