



*Flawless
Diamond
(India) Limited*

24th Annual Report
2012-13



FLAWLESS DIAMOND (INDIA) LIMITED
BOARD OF DIRECTORS

Kamal U. Jain	Chairman
Bhawar U. Jain	Managing Director
Rajiv Kamdar	Director
Deepak K. Parekh	Independent Director
Ashok Chheda	Independent Director

AUDITORS

Suresh Anchaliya & Co.
Chartered Accountants
Mumbai.

BANKERS

ICICI Bank Ltd.
Punjab & Sind Bank

REGISTERED OFFICE

136, Panchratna,
Opera House,
Mumbai - 400 004.
Email : - flawlessnessindia@hotmail.com

24th ANNUAL GENERAL MEETING

On
Wednesday,
28th August, 2013
at 11.00 A.M.
at
Novelty Chambers,
Above Novelty Theatre,
Maulana Shaukatali Road,
Grant Road (East),
Mumbai – 400 007.

REGISTRAR & SHARE TRANSFER AGENTS

Adroit Corporate Services Pvt.Ltd.
19/20, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Mumbai - 400 059.

Phone: 91-22-28596060/28594060 Fax: 91-22-28503748

NOTICE

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting of Flawless Diamond (India) Limited will be held on Wednesday, **28th Day of August, 2013 at 11.00 a.m. at Novelty Chambers, above Novelty Theatre, Maulana Shaukatali Road, Grant Road (East), Mumbai – 400 007** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended on that date and report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Rajiv Kamdar who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Kamal U Jain who retires by rotation at the ensuing Annual general Meeting and being eligible offers himself for re-appointment.
4. To appoint M/s Suresh Anchaliya & Co., Chartered Accountants, Mumbai, as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered Office:

136, Panchratna,
Opera House,
Mumbai - 400 004.
Place: Mumbai
Date : 30th May, 2013

On behalf of the Board of Directors

Kamal U. Jain
Chairman

NOTES:

1. A Member entitled to attend and vote is entitled to appoint a 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. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
3. The register of members and Share Transfer Books of the Company will remain closed from **23rd August to 27th August, 2013 (both days inclusive)**.
4. The Members are requested to:
 - (a) Intimate to the Company's Registrars and Share Transfer Agents - Adroit Corporate Services Pvt. Ltd. (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their Registered Address, Bank Account Number/details etc. at an earlier date;
 - (b) Quote ledger folio numbers / DP Identity and Client Identity Numbers in all their correspondences;
 - (c) Bring their copies of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
 - (d) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the Registered Office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
5. Since the securities of the Company are compulsorily tradable in electronic form, to ensure better investor service and elimination of risk of holding securities in physical form, it is requested that the members holding shares in physical form to get their shares dematerialized at the earliest.
6. Green Initiative in the Corporate Governance- Registration of email address
The members are requested to register email address with the Depository Participant/ the Registrar and Share Transfer Agent of the Company, i.e. **Adroit Corporate Services Pvt. Ltd.**, as the case may be, for service of documents.

On behalf of the Board of Directors

Place: Mumbai
Date : 30th May, 2013

Kamal U. Jain
Chairman



FLAWLESS DIAMOND (INDIA) LIMITED

DIRECTORS' REPORT

**TO THE MEMBERS,
FLAWLESS DIAMOND (INDIA) LIMITED,**

The Directors hereby present their 24th Annual Report on the business and operations of the Company and the Financial Accounts for the year ended 31st March, 2013.

Particulars	(₹ in Thousand)	
	Year ended 31.03.2013	Year ended 31.03.2012
Total Income	87167.91	755908.32
Profit / (Loss) Before Depreciation & Taxes	(6407.97)	(1930.03)
Less: Depreciation	2869.52	3558.12
Profit / (Loss) Before Tax	(9277.50)	(5488.15)
Less: Provision for Current Tax	0.00	0.00
Less: Provision for Deferred Taxation	(2865.18)	(8970.87)
Less: Earlier Tax	865.34	0.00
Profit / (Loss) After Tax for the year	(7277.66)	(3482.72)
Add: Balance in Reserves & Surplus	621401.38	617918.66
Less: Appropriations	0.00	0.00
Closing Balance	614123.72	621401.38

BUSINESS OPERATION

During the year the company has suffered a loss of ₹ 92.77 lakhs as against the loss of ₹ 54.88 lakhs for the previous year. The loss is due to global slowdown and lower economic growth resulting to non realization of exports proceeds from the overseas parties. The company is very hopeful that it will recover from the slowdown and achieve its past glory in near future.

DIVIDEND

In view of the loss during the year the Board of Directors has decided to not to declare the dividend.

RESEARCH AND DEVELOPMENT

Research and Development is a vital area of the Company's focus and has been a key factor in maintaining the company's growth. Leveraging on its strong research and development department, your Company has been constantly developing new and latest designs of jewellery and lifestyle products but due to overall slowdown and sudden break in the business activity of the company, the research work could not be carried out during the year.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the stipulations set out in the Listing Agreement with the Stock Exchange and have implemented all the prescribed requirements. A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance on Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

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 that:

- In the preparation of the annual accounts, for the Financial Year ended 31st March, 2013, the applicable accounting standards had been followed;
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 Loss of the Company for the year ended 31st March, 2013;

- (iii) 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) The Directors have prepared the annual accounts of the Company for the Financial Year ended 31st March, 2013 on 'going concern' basis. However the company's secured creditor 'ICICI Bank' has filed winding up petition u/s 439 of the Companies Act, 1956 in the Honourable Bombay High Court, which may affect the 'Going Concern' Status. The Punjab and Sind Bank has also initiated winding up petition u/s 439 of the Companies Act, 1956 in the Honourable Bombay High Court.

DIRECTORS

Pursuant to Article 164 of the Article of Association of the Company Shri Rajiv Kamdar and Shri Kamal U. Jain, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer them selves for re-appointment.

DEPOSITS

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

AUDITORS

M/s. Suresh Anchaliya & Co., Chartered Accountants, the retiring Auditors of the Company who holds Office in accordance with the provisions of the Companies Act, 1956 up to the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

AUDITORS REPORT

The adverse comment or qualification in the Auditors Report are self explanatory and are mainly related to statutory dues and default in the repayment of bank loan

MATERIAL CHANGES

- a. The Company's account with the banks has been declared NPA (Non Performing Assets) by the banks for non realization of export proceeds and non payment of loans and interest. The banks have moved the matter before Debt Recovery Tribunal and initiated recovery proceeding under SARFAESI Act, 2002 for recovery of their dues. The Debt Recovery Tribunal in its order instructed the company to pay the ICICI Bank loan amount with interest at the rate 18% P.A. from 30th May, 2012 onwards.. The Directors of the company are trying their best to realize the export proceeds at the earliest and pay off the bank dues.
- b. There is no manufacturing activities carried out during the year under review.
- c. The secured creditor 'ICICI Bank' has moved winding up petition u/s 439 of the Companies Act, 1956 before the Honourable Bombay High Court for dissolution of the company and the matter is pending before the Honourable Bombay High Court. However the company has entered into the consent term with the "ICICI Bank" for repayment of loan with interest on or before 31.03.2014.

LISTING

The shares of the company is listed at The Bombay Stock Exchange Ltd (BSE), Mumbai. The company has paid the listing fees to stock exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

A detailed review of the progress of the project and the future outlook of the Company and its business as stipulated under clause 49 of the Listing Agreement with the Stock Exchange is presented in a separate section forming part of the Annual Report.



FLAWLESS DIAMOND (INDIA) LIMITED

SHORT TERM LOAN FROM BODIES CORPORATES

The Company has accepted short term loan from the bodies corporate to meet the requirement of repayment of loan to the bankers.

PARTICULARS OF EMPLOYEES

The overall industrial and employee relations remained healthy. There are no such employees pursuant to Section 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 required to be appended to this report in this regard.

DEMATERIALISATION OF SHARES

77.97% Shares of total equity capital is held in dematerialised form with NSDL and 16.77% Shares of total equity capital is held in dematerialised form with CDSL, as on 31.03.2013.

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

The information pursuant to Section 217(i)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is given as under.

- 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) :** The Company's manufacturing unit is not in operation during the year.
- C. Foreign Exchange Earning & Outgo:** The total exports for the year 2012-13 amounts to ₹ NIL

Total Foreign Exchange used & earned	: ₹ (In Lakhs)
Total Foreign Exchange used	: Nil
Total Foreign Exchange earned	: 945.98

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the consistent assistance and co-operation received from the Central and State Government Authorities, Company's Bankers, Directors, Vendors, Members and dedicated Employees for the confidence in the Company and its management through the periods of prosperity and adversity.

Registered Office:
136, Panchratna,
Opera House,
Mumbai - 400 004.

On behalf of the Board of Directors

Place : Mumbai
Date : 30th May, 2013

Kamal U. Jain
Chairman

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

The Corporate Governance code introduced by Securities and Exchange Board of India ('SEBI') as adapted by incorporating a new clause No.49 in the listing agreement of the Stock exchange and also by applicable provisions of the Companies (Amendment) Act, 2000, is being implemented by the company. A report on Corporate Governance is given below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:-

The Company believes that the Corporate Governance is aimed at achieving optimum performance at all levels in the Organization. It endeavors to ensure that highest standards of ethics and transparency are met with. The Company continues to review its Corporate Governance practice to ensure that these reflect the best Corporate Governance practices. It takes feed back into accounts in its periodic review of the guidelines so as to ensure its continued relevance and maintain the transparency and accountability to all the concerns.

II. BOARD OF DIRECTORS

(a) COMPOSITION OF THE BOARD

The Board of Directors comprises of Five members, consisting of two promoter directors, one non executive non independent director and two independent directors. No Director is member in more than ten Committees and Chairman of more than five committees across all companies in which they are Directors. During the year, five Board Meetings were held on 15.05.2012, 14.08.2012, 28.08.2012, 9.11.2012 and 14.02.2013.

The composition of the Board of Directors with reference to Executive and Non-Executive Directors, meets the requirement of code of Corporate Governance.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other Directorships and other Committee Membership/Chairmanship as on 31.03.2013 are as follows :

Name of Directors	Category of Directors	No. of Board Meetings attended	Attended Last AGM	No of other Directorship held	No. of other Committee Membership	
					Member	Chairman
Shri Kamal U. Jain	Chairman (Promoter Director)	5	Yes	11	Two	One
Shri Bhawar U. Jain	Managing Director (Executive)	5	Yes	9	None	None
Shri Ashok R. Chheda	(Non- Executive) Independent	5	Yes	None	One	One
Shri Deepak K. Parekh	(Non- Executive) Independent	4	Yes	None	One	None
Shri Rajiv Kamdar	(Non- Executive Non - Independent)	4	Yes	02	None	None

(b) REMUNERATION TO EXECUTIVE DIRECTORS

The Company has paid the gross remuneration of ₹ 2,40,000/- to Mr. Bhawar U. Jain, Managing and Whole-Time Director of the Company.

The Company has not paid any sitting fees to Non-Executive Directors during the year.

Shareholding Pattern of Non-Executive Directors in the Company are as follows:

Directors	No. of Shares
Shri Kamal U. Jain	4441902
Shri Ashok R. Chheda	NIL
Shri Deepak K. Parekh	NIL
Shri Rajiv Kamdar	336510

The Company does not have any scheme for grant of stock options to its Directors or Employees.

The term of appointment and remuneration payable to Managing / Whole-Time Directors is approved by the members.



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(c) BOARD PROCEDURE

The Members of the Board have been provided with the requisite information mentioned in the Listing Agreement well before the Board meetings and the same were dealt with appropriately.

All the Directors, who are on various Committees are within the permissible limits of the Listing Agreement. The Directors have intimated from time to time about their membership in the various Committees in other Companies.

III. AUDIT COMMITTEE

- (i) The Committee comprises of Directors namely Shri Deepak K. Parekh , Shri Ashok R. Chheda and Shri Kamal U. Jain.
- (ii) Shri Deepak K. Parekh and Shri Ashok R. Chheda are Independent Directors and Shri Kamal U. Jain is Promoter Director.
- (iii) Shri Deepak K. Parekh is Chairman of the Audit Committee.
- (iv) The Audit Committee Meetings were held on 15th May, 2012, 14th August, 2012, 28th August 2012 , 9th November, 2012 and 14th February, 2013.
- (v) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement as well as in Section 292A of the Companies Act, 1956.
- (vi) The Audit Committee reviews the information periodically.
- (vii) The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 29/09/2012 to attend the shareholders queries.

IV. SHAREHOLDERS' COMMITTEE

The Company has constituted a Share Transfer cum Shareholders / Investors Grievance Committee consisting of Promoter Directors and Non-Executive Directors comprise of Shri Kamal U. Jain, Shri Rajiv Kamdar and Shri Ashok R. Chheda. The Chairman of the committee is Mr. Kamal U. Jain. The Committee normally meets twice a month as required. During the year ended 31st March, 2013, 4 (four) Investor Complaints were received and as of 31st March, 2013 there were no complaint pending. There were no share transfers pending for registration for more than 30 days as on 31st March, 2013.

V. DETAILS OF DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT

Details of the Directors seeking re-appointment at the ensuing Annual General Meeting fixed on Wednesday, the 28th day of August, 2013 are given hereunder:

1. Name : **Kamal U. Jain**
 Date of Appointment : 02.05.1989
 Expertise in Specific Functional Areas : A visionary with great ideas and foresight has been behind the Company and nurtured it since it's inception. He is very passionate about research and development which he feels is not just a step but a continuous process for innovation and enhancement of product line and brand equity. Knowledge and expertise across diverse industry disciplines viz; Project and Finance Management in reality and jewellery industry has contributed to the multi-dimensional growth of the company. A name to reckon with among distinguished business personalities of the corporate world.
 List of Directorship : Aaradhak Developers Private Limited
 Aum Realtors Private Limited
 Flawless Developers Private Limited
 Goodwill Theatres Private Limited
 Jalak Impex Private Limited
 Kanir Constructions Private Limited
 Safe Heaven Builders Private Limited
 Sanaudit Synthetics Private Limited
 Secure Builders Private Limited
2. Name : **Rajiv Kamdar**
 Date of Appointment : 09.11.2006
 Expertise in Specific Functional Areas : He is in the prime of his organizational life with a world of accolade in import-export and international business acumen behind him. Formulating marketing strategy is his forte. Mr. Kamdar integrates the group's Indianness with its global footprint. Articulate, Innovative and Market Savvy he is the fountain of new ideas, approaches and styles in driving the Company towards new horizons and unexplored shores.
 List of Directorship : Multiplus Holding Limited

VI. REPORT ON CORPORATE GOVERNANCE

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

VII. CEO & CFO CERTIFICATION

The CEO and CFO certification on the Financial Statements and the Cash Flow Statements for the year is annexed herewith.

VIII. GENERAL BODY MEETING

The details of the Annual General Meetings held in last three years are as under : -

AGM	DAY	DATE	TIME	VENUE
21st	Tuesday	28.09.2010	03.00 P.M.	Novelty Chambers, above Novelty Theatre, Maulana Shaukatali Road, Grant Road (East), Mumbai – 400 007.
22nd	Friday	30.09.2011	03.00 P.M.	Novelty Chambers, above Novelty Theatre, Maulana Shaukatali Road, Grant Road (East), Mumbai – 400 007.
23rd	Saturday	29.09.2012	11.00 AM	Novelty Chambers, above Novelty Theatre, Maulana Shaukatali Road, Grant Road (East), Mumbai – 400 007.

The details of Extra Ordinary General Meeting held in last three years are as under:-

Nil

Whether Special Resolution was put through Postal Ballot last year?

No.

Are Special Resolution proposed to be put through Postal Ballot this year?

No.

IX. DISCLOSURE

- The Company has no significant material transactions with related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with Company's interest.
- No penalties or strictures.

X. MEANS OF COMMUNICATION

(i)	Half-yearly report sent to each household of shareholders	No
(ii)	Quarterly results: Which newspapers normally published in	The Free Press Journal and Navashakti (Marathi).
(iii)	Any website, where displayed	Yes, www.flawlessdiamond.co.in
(iv)	Whether it also displays official News releases and presentations made to Institutional investors / analysts	No
(v)	Whether MD & A is a part of Annual Report	Yes

XI. GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting to be held:

The 24th Annual General Meeting will be held on **28th Day of August, 2013 at 11.00 a.m. at Novelty Chambers, above Novelty Theatre, Maulana Shaukatali Road, Grant Road (East), Mumbai – 400 007**

(b) Financial Calendar 2013 – 2014 (Tentative):

Annual General Meeting : 28th August, 2013
First Quarterly Results : Before 15th August 2013
Second Quarterly Results : Before 15th November 2013.
Third Quarterly Results : Before 15th February 2014.
Fourth Quarterly Results : Before 15th May, 2014.
Audited yearly Results for the year ended 31st March, 2014. : Before end of September, 2014.

(c) Dates of Book Closure:

23rd August, 2013 to 27th August, 2013 (Both days inclusive).

(d) Stock Exchange Listing:

The Company's shares are presently listed at The Bombay Stock Exchange Ltd, Mumbai.
The Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.