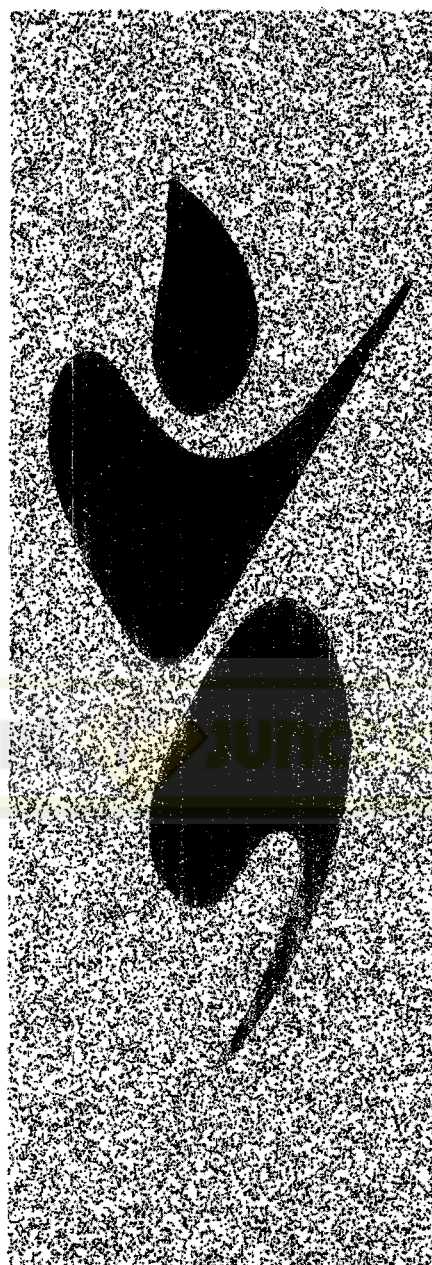


MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓



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SUASHISH
DIAMONDS LTD.

ANNUAL REPORT 1997-98

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Suashish Diamonds Limited

BOARD OF DIRECTORS

Mr. Rameshkumar S. Goenka	Chairman
Mr. Ashish R. Goenka	Managing Director
Mr. Sandeepkumar B. Modi	Executive Director
Mr. Manish B. Poddar	Director

COMPANY SECRETARY

Ms. Neelam Desai

SOLICITORS

M/s. Kanga & Co.
Advocates, Solicitors & Notaries.

AUDITORS

M/s. Suresh Surana & Associates
Chartered Accountants.

BANKERS

ABN Amro Bank N.V.
Central Bank of India
Commerzbank AG
Deutsche Bank AG
Dresdner Bank AG
Hongkong & Shanghai Banking Corp. Ltd.
Indian Overseas Bank
Standard Chartered Bank
State Bank of India
State Bank of Hyderabad
State Bank of Bikaner & Jaipur
State Bank of Mysore
UTI Bank Ltd.

REGISTERED OFFICE

347, Panchratna
Mama Parmanand Marg
Opera House
Mumbai - 400 004

REGISTRAR & SHARE TRANSFER AGENTS

Karvy Consultants Ltd.
T.K.N. Complex
No. 51/2, Vanivilasa Road
Opp. National College
Basavanagudi
Bangalore - 560 004.

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Words from the Chairman

We at Suashish Diamonds Limited (SDL) are determined to increase our presence globally.

SDL is geared to meet the global challenge with the already fully operational subsidiaries in Hong Kong and Japan. Its plans for a possible Israel venture would increase the customer base and familiarity with local conditions.

SDL, in spite of being one of the industry's leading exporters and a DTC sight holder, is not complacent but is fully pro-active in its approach to planning and conceptualizing the growth process. For the financial year ended March 31, 1998, SDL has achieved an impressive turnover of Rs.409.36 crores compared to Rs.244.36 crores registering a growth of 67% over the previous year which was a sluggish year for the entire diamond market globally. The integration of the Indian economy with that of the world has placed the greater responsibilities on all of us to produce high quality products - efficiently and profitably.

SDL is dedicated to excellence and professionalism in providing quality products and greater customer satisfaction. Our long-term success requires a total commitment to exceptional standards of performance, to work together effectively and to our willingness to embrace new ideas and to learn continuously. We are working towards obtaining ISO 9002 certification for SDL.

Rameshkumar S. Goenka
Chairman

Notice

Notice is hereby given that Tenth Annual General Meeting of the members of SUASHISH DIAMONDS LIMITED will be held at Maharashtra Chamber of Commerce & Industry (Kasliwal Board Room), Orion House, 6th Floor, 12, K. Dubash Marg, Mumbai - 400 001 on Wednesday, 24th June, 1998, at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1998.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Sandeepkumar B. Modi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the 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 an ORDINARY RESOLUTION :**

"RESOLVED that consent of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of all the movable or immovable properties of the Company wheresoever situated, present or future and the whole or substantially the whole of the undertaking of the Company, to or in favour of all or any Financial Institutions, any State Finance Corporations, any of the Scheduled Banks or any Foreign Bank, any Insurance Companies, Trustees for Debentureholders including Debentures privately placed with Financial Institutions/Mutual Funds/Scheduled Banks and any other person(s) whether Indian or Foreign (hereinafter collectively referred to as the 'secured lenders') to secure any financial assistance by way of Debentures, Bonds, Rupee Term Loans, Working Capital Loans, Foreign Currency Loans, Floating Rate Notes, External Commercial Borrowings, all kinds of Debt Investments by whatever name called, and borrowing in any other manner, aggregating to a nominal value not exceeding Rs.1000 crores (Rupees One thousand crores only) availed or proposed to be availed by the Company from time to time, together with interest at the respective agreed rates, additional interest, compound interest in case of default, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges and expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchanges and all other monies payable by the Company to the secured lenders in terms of the respective Loan Agreements / Hypothecation Agreements / Letters of Sanction / Trust Deed / Memorandum of terms and conditions or any other documents entered into/to be entered into by the Company in respect of the said financial facilities and to vary and modify the existing securities already created from time to time, in such manner and in such forms on all or any of the properties of the Company, both present and future, as may be decided by the Board of Directors of the Company to be in the best interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the secured lenders the documents for creating the aforesaid mortgage and/or charge and to do all such acts, deeds as may be necessary or expedient for implementing or giving effect to the above resolution."

6. **To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:**

"RESOLVED THAT in supersession of the resolution passed at the Extra Ordinary General Meeting of the Company held on 18th March, 1993, and pursuant to Section 293(1)(d) of the Companies Act, 1956 and other enabling provisions, if any, consent of the Company, be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of money as they may deem requisite for the purpose of business of the Company notwithstanding that moneys to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the Ordinary course of business) may exceed at any time the aggregate of the paid up capital and free reserves (that is to say reserves not set apart for any specific purpose) by a sum not exceeding Rs.1000 crores (Rupees one thousand crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to arrange and to fix the terms and conditions of all such monies to be borrowed from time to time and to do all such acts, deeds as may be necessary or expedient for implementing or giving effect to the above resolution."

7. **To consider and if thought fit, to pass, with or without modification, the following resolution as an ORDINARY 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, (including any statutory modification(s) or re-enactment(s) thereof, for

the time being in force), the consent of the Company be and is hereby accorded to the appointment of Mr. Manish B. Poddar as Executive Director of the Company for a period of five years with effect from 1st April, 1998:

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the Board of Directors to alter and vary the terms and conditions of appointment of Mr. Manish B. Poddar including remuneration as the Board of Directors may deem fit and as may be agreed to by Mr. Manish B. Poddar, however that any revision/increase in remuneration shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments made thereto.

RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds matters and things as it may in its absolute discretion deem necessary, expedient and proper."

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

"RESOLVED that pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, Reserve Bank of India and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board") for investing a sum not exceeding US\$ 2,50,000 in cash by way of subscription to 2,50,000 Equity Shares of US\$1 each in the equity/ordinary share capital of a new Company to be called as Suashish Diamonds (Israel) Limited to be incorporated in Israel or any other name as approved by the authorities in Israel as a wholly owned subsidiary of the Company notwithstanding that such investment or such investments together with the Company's existing investments in the shares of any other body corporate or bodies corporate shall be in excess of the limits specified in sub-section 2 of Section 372 of the Act and the provisos thereto and that the Board is hereby authorised to determine the actual sum to be so invested not exceeding US\$250000 and to settle all questions and matters arising out of and incidental to the proposed investment and to do all such acts and things as may be necessary in order to give effect to this resolution including acceptance of any modification and/or conditions which may be suggested by the authorities whose approvals are being sought and as may be acceptable to the Board without any further reference to the Company in general meeting."

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

"RESOLVED THAT in supersession of the resolution passed at the Extra Ordinary General Meeting of the Company held on 18th February, 1994, and pursuant to Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises the Board of Directors of the Company to give any guarantee or guarantees or provide any security or securities in connection with a loan or loans made or to be made by any other person to, or to any other person by, any bodies corporate from time to time and on such terms and conditions as the Board of Directors may deem fit provided that the aggregate value of all such guarantees or securities given shall not at any time exceed Rs.100 crores (Rupees One hundred crores).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution."

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

"RESOLVED THAT pursuant to Section 370 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby authorises the Board of Directors to make loans to and deposit monies with any body corporate or bodies corporate, whether or not under the same management as the Company on such terms and conditions as the Board of Directors thinks fit provided that the aggregate of such loans and deposits including the loans already made to all bodies corporate shall not exceed, without the prior approval of the Central Government the following limits:

- (a) In the case of bodies corporate not under the same management as the Company within the meaning of Section 370 of the Companies Act, 1956, 30% or such other percentage as the Central Government may prescribe, from time to time, of the aggregate of the subscribed capital of the Company and its free reserves, and
- (b) In the case of bodies corporate under the same management as the Company within the meaning of Section 370 of the Companies Act, 1956, 30% or such other percentage as the Central Government may prescribe, from time to time, of the aggregate of the subscribed capital of the Company and its free reserves.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution."

By order of the Board of Directors
For **SUASHISH DIAMONDS LIMITED**

Neelam Desai
Company Secretary

Place : Mumbai
Date : 30th May, 1998

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE 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 COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of members and share transfer books of the Company will remain closed from 18th June, 1998 to 24th June, 1998 both days inclusive.
3. The dividend as recommended by the Board, if sanctioned at the meeting shall be paid to those members whose names appear on the Register of members of the company as on 24th June, 1998.
4. Members desiring any information on the Accounts are requested to send their queries to the Company atleast 7 days before the Annual General Meeting, so that information can be made available at the meeting.
5. Members are requested to notify any change in their address to the Registrar & Transfer Agents, M/s.Karvy Consultants Ltd., T.K.N. Complex, 51/2, Vanivilasa Road, Opp. National College, Basavanagudi, Bangalore - 560 004.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**Item No.5**

Section 293(1)(a) of the Companies Act, 1956, provides inter alia, that the Board of Directors of the Company shall not except with the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

Since the Company proposes to raise funds by way of Debentures, Bonds, Rupee Term Loans, Working Capital Loans, Foreign Currency Loans, Floating Rate Notes, External Commercial Borrowings, all kinds of Debt Instruments by whatever name called, and borrowings in any other manner for meeting long term working capital requirements and also to meet normal capital expenditure proposals, it may be necessary to secure such credit facilities by creation of Mortgage and/ or charge on the Assets of the Company to the extent agreed to between the Board of Directors of the Company and the Financial Institutions, State Finance Corporation, Scheduled Banks, Foreign Banks, Mutual Funds, and other secured lenders in respect of existing or future borrowings.

The Board of Directors recommend the resolution for Members' approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No.6

Section 293(1)(d) of the Companies Act, 1956, provides that the Board of Directors should not except with the consent of the Company in General Meeting borrow monies (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up capital and Free Reserves (that is to say, Reserves not set apart for any specific purpose).

At the Extra Ordinary General Meeting of the Company held on 18th March, 1993, a Resolution was passed by the Shareholders authorising the Board of Directors to borrow upto a maximum of Rs.300 crores (Rupees three hundred crores only) in excess of the aggregate of the paid up capital and Free Reserves of the Company. Over the years, there has been a substantial expansion in the business operations of the Company. It is therefore necessary to increase the limit for borrowing to Rs.1000 crores (Rupees One thousand crores only) in excess of the aggregate of the paid up capital and Free Reserves.

The Board of Directors recommend the Resolution for Members' approval.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No.7

The Board of Directors feel that association of Mr. Manish B. Poddar as an Executive Director will be immensely beneficial to the Company.

The Board of Directors hereby recommend for the approval of members the remuneration mentioned herein below which is within the limits set out in Schedule XIII of the Companies Act, 1956.

Salary: Rs.16,000/- per month with such annual increment in the salary as the Board of Directors may decide.

Provident Fund: Contribution to provident fund as per the rules of the Company for the time being in force.

Gratuity: As per rules of the Company but shall not exceed one half month's salary for each completed year of service.

Bonus: As per rules of the Company for the time being in force.

Entertainment Expenses: Reimbursement of entertainment expenses incurred during the course of business.

The Statement of remuneration mentioned above should be treated as an abstract of the terms of the contract with Mr. Manish B. Poddar for the purpose of Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Manish B. Poddar is concerned or interested in the Resolution.

Item No.8

Under Section 372 of the Companies Act, 1956, the Board of Directors of a Public Company cannot, except with the consent of the Company in General Meeting and the approval of the Central Government, make investments in other bodies corporate in excess of the limits prescribed under the Companies Act, 1956. To give more thrust to exports, the Company proposes to invest 2,50,000 shares of US\$ 1 each aggregating to US\$250000 in the equity/ordinary share capital of a new Company to be called as Suashish Diamonds (Israel) Limited, as a wholly owned subsidiary to be incorporated in Israel or in any other name as approved by the authorities in Israel.

None of the Directors is concerned or interested in this Resolution.

Item No.9

At the Extra Ordinary General Meeting held on 18th February, 1994, the shareholders had passed a Special Resolution under section 370 of the Companies Act, 1956, authorising the Board of Directors to give guarantees or securities in connection with loans not exceeding Rs.2 crores at any one time. In view of the increased operations of the Company it is likely that in the near future the Company may be required in the course of its business to give guarantee or provide securities for a large amount and therefore it is necessary to revise the limit from Rs.2 crores to Rs.100 crores.

The Board recommends the members to pass the resolution as a special resolution.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No.10

Section 370 of the Companies Act, 1956, lays down certain restrictions on a Company for making any loan or deposits to any body corporate or bodies corporate whether under the same management or not unless the same has been previously authorised by a special resolution of the Company. Hence the Special Resolution at item No.10 of the Notice is recommended for approval of the members.

None of the directors of the Company is in any way concerned or interested in the Resolution.

By order of the Board of Directors
For **SUASHISH DIAMONDS LIMITED**

Neelam Desai
Company Secretary

Place : Mumbai

Date : 30th May, 1998

Suashish Diamonds Limited

Directors' Report

Your Directors have pleasure in presenting their Tenth Annual Report together with the Audited Accounts for the year ended 31st March, 1998.

		(Rs. in lacs)
	1997-98	1996-97
FINANCIAL RESULTS		
Sales and other income	41150.25	24710.43
Operating profit before interest and depreciation	6663.40	1232.70
Less: Interest	594.54	21.03
Less: Depreciation	369.30	135.39
Profit before tax	5699.56	1076.28
Less: provision for tax	4.40	143.00
Profit after tax	5695.16	933.28
Prior year tax adjustment	1.69	(0.25)
Profit brought forward from the previous year.	624.56	285.73
Profit available for appropriation.	6321.41	1218.76
APPROPRIATIONS		
Proposed dividend	312.91	312.91
Provisions for tax on proposed dividend	31.29	31.29
Transfer to General Reserve	5350.00	250.00
Balance carried forward	627.21	624.56
	6321.41	1218.76

DIVIDEND

The Directors have recommended a dividend of Rs.1.50 per Equity Share for the financial year ended 31st March, 1998.

OPERATIONS

During the year under review, the sales and other income has increased to Rs.41150.25 lacs registering a growth of 67% over the previous year figure of Rs.24710.43 lacs.

Your Directors feel pleasure to inform that your Company has been ranked as the forty first largest exporter amongst private and public organisations for year 1996-97 according to Center for Monitoring Indian Economy (CMIE) reports.

OPERATIONAL RESULT (In terms of Clause 43 of Listing Agreement)

(Rs. in Lacs)

Sr. No.	Particulars	Year Ended 31/03/98	As projected in the prospectus dt.30/12/94 for the year 1997-98
1.	Net Sales/Income from Operation	40936.28	53351.56
2.	Other Income	213.97	530.82
3.	Total Expenditure	34486.85	46586.33
4.	Interest	594.54	775.80
5.	Gross Profit(+)/Loss(-) after Interest but before Depreciation & Taxation	6068.86	6520.25
6.	Depreciation	369.30	149.20
7.	Provision for Taxation	4.40	15.00
8.	Net Profit (+)/Loss(-)	5695.16	6356.05
9.	Paid-up Equity Share Capital	2081.19	2085.80
10.	Reserves excluding Revaluation Reserves	28458.71	32612.60

SUBSIDIARIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts alongwith the report of the Board of Directors of Suashish Diamdeal (India) Ltd. and Suashish Diamonds (Hong Kong) Ltd. and the respective Auditors' Report thereon are annexed. Due to some unavoidable circumstances, the report of the Board of Directors of Suashish Diamonds (Japan) Ltd. and Auditors' Report are not annexed.

FIXED DEPOSIT

The company has not accepted any deposit within the meaning of section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 as amended.

DIRECTORS

Mr. Rajkamal R. Bajaj has resigned as the Director of the Company. The Board of Directors wishes to place on record its appreciation of the valuable guidance given by him to the Company.

Mr. Sandeep B. Modi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment as Director.

AUDITORS

M/s Suresh Surana & Associates, the Auditors of the Company retires at the ensuing Annual Genreal Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts is being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretary of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information under 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 are given in Annexure A to this report.

ACKNOWLEDGEMENT

The Board of Directors acknowledge with gratitude and wish to place on record their appreciation for the support and co-operation received by the Company from various departments of Central and State Governments, Banks and Shareholders.

The Board of Directors places on record their grateful appreciation for the continued support extended by the Diamond Trading Company, London.

For and on behalf of the Board of Directors

Ashish R. Goenka

Sandeep B. Modi

} Directors

Place: Mumbai

Date : 30th May, 1998