

SUNRAJ DIAMOND EXPORTS LTD.



**22ND ANNUAL REPORT
2011 - 2012**

SUNRAJ DIAMOND EXPORTS LTD.

DIRECTORS

Mr. Sunil C. Gandhi
Mr. Sunny S. Gandhi
Mr. Nirav K. Shah
Mr. Hargovind Shah
Mr. Jimit Shah

BANKERS

The Royal Bank of Scotland N.V.
HDFC Bank Ltd.
State Bank of India
Bank of Baroda

AUDITORS

M/s. Bhupendra Shroff & Co.
Chartered Accountants

REGISTERED OFFICE

1008, Panchratna Building, 10th Floor,
Opera House, Mumbai - 400 004.

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Ajel Limited
106, Oshiwara Link Plaza Commercial Complex, 2nd Floor,
New Link Road, Oshivara, Jogeshwari (West),
Mumbai - 400 102.

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the shareholders of **Sunraj Diamond Exports Limited** will be held at Dadoba Jagannath Religious Trust, 21-A, Gamdevi Road, Mumbai 400 007 on Friday 28th September, 2012 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Sunny Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Jimit Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification of the resolution passed by the shareholders in their meeting held on 30th September, 2009 and in accordance with the provisions of Section 309, 310 and other applicable provisions, if any of the Companies Act, 1956, the scale for the remuneration payable to Mr. Nirav Shah, Executive Director, be enhanced from the current scale of ₹ 20,000/- - ₹ 50,000/- to ₹ 50,000/- - ₹ 1,00,000/- with effect from 1st October, 2012 for the remaining tenure of his service with Sunraj Diamond Exports Limited, i.e. till 31st March, 2014.”

“RESOLVED FURTHER THAT the other terms and conditions of his appointment as well as the perquisites payable to him shall remain as per the resolution passed by the shareholders on 30th September, 2009.”

7. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT in terms of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, consent of the Company be and it is hereby accorded to the Board of Directors for borrowing monies from time to time, whether in Rupees or Foreign Currency, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of its paid-up capital and free reserves which have not be set apart for any specific purpose, but such that the total amount upto which monies may be

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so borrowed shall not, at any time, exceed ₹ 20,00,00,000 (Rupees Twenty Crores) in excess of the aggregate of the paid-up capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board of Directors (which shall include any Committee which the Board may constitute, or any Director/Officer authorized by the Board for this purpose) be and it is hereby authorized to settle all matters arising out of and incidental to the abovementioned borrowing; and further to take all actions as it may, in its absolute discretion, deem necessary to give full effect to this Resolution.”

For and on behalf of the Board of Directors

SUNNY GANDHI
Executive Director

Registered Office

1008, Panchratna,
Mama Parmanand Marg,
Opera House,
Mumbai 400 004.

Dated: 7th August, 2012

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**
- An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
- The Register of Members and the share transfer books will remain closed from 21st September, 2012 to 28th September, 2012 both days inclusive.
- A Dividend of ₹ 1/- per Ordinary Share of ₹ 10/-, as recommended by the Board, if declared at the forthcoming Annual General Meeting, will be paid, subject to the provisions of Section 206A of the Act, on or after 16th October, 2012, to those Members or their mandates whose names stand registered in the Company's Register of Members.
 - as Beneficial Owners as at close of Business on 29th September, 2012 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in electronic form, and;
 - as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company or the Share Transfer Agents on or before 28th September, 2012. Instruments of Share Transfers, complete in all respects, should reach the **Share Transfer Agents i.e. Ajel Limited, Unit : Sunraj Diamond Exports Limited** 106, Oshiwara Link Plaza Commercial Complex, 2nd Floor, New Link Road, Oshivara, Jogeshwari (West), Mumbai 400 102 will before the book closure date.
- Members are requested to bring their copies of Annual Report and Accounts to the Meeting.

6. (a) Members desirous of receiving Notices and/or documents from the Company through the electronic mode are urged to update their email addresses with their **Depository Participants**, where shares are held in electronic form and to the **Share Transfer Agents** where shares are held in physical form.
 - (b) Email addresses of Members as advised to the Registrar and Share Transfer Agents where shares are held in physical mode or registered with Depositories where shares are held in the electronic mode will be deemed to be the Member's registered Email address for serving Company documents/notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs. Members intending to refresh/ update their email addresses should do so as soon as possible.
 7. Members holding shares, in physical form, in identical order of names in more than one Folio, are requested to write to the Share Transfer Agents enclosing the relevant Share Certificates requesting consolidation of such folios into one Folio.
 8. As per the provisions of the Act, the facility for making nominations is available to individuals holding shares in the Company. The Nomination **Form-2B**, prescribed by the Government for the purpose, can be obtained from the **Share Transfer Agents**.
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**EXPLANATORY STATEMENT UNDER SECTION 173
OF THE COMPANIES ACT, 1956**

Item No. 6

Mr. Nirav Shah was appointed as the Whole time Director of the Company pursuant to Section 269 and other applicable provisions of the Companies Act, 1956 for a period of 5 years with effect from 1st April, 2009 as per the resolution passed at the Annual General Meeting of the Company held on 30th September, 2009 on the terms as set out in that resolution.

Considering the inflationary trend and the substantial increase in the business activities of the Company, resulting in increase in the workload and responsibilities of the Whole time Director, as also the amount of remuneration payable to managerial personnel occupying similar positions in other comparable Companies, the Board of Directors of the Company has deemed fit to increase the remuneration payable to Mr. Shah to ₹ 75,000/- per month with effect from 1st October, 2012 for the remaining period of his current tenure. The other terms and conditions of his appointment shall remain the same as approved by the members at the Annual General Meeting held on 30th September, 2009. The resolution as set out in this item of the Notice is accordingly, commended for your acceptance.

Although not necessary, a copy of the resolution passed at the Annual General Meeting of the Company held on 30th September, 2009 is available for inspection of the members to ascertain any information that they may require, at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day except Saturday.

The above may also be treated as an Abstract of the variation under section 302 of the Companies Act, 1956.

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Except Mr. Nirav Shah, none of the other Directors of the Company is, in any way concerned or interested in the Resolution.

Item No. 7

Section 293(1)(d) of the Companies Act, 1956, prescribes that the Board of Directors of a Company cannot, except with the consent of Members 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 paid-up capital and free reserves of the Company.

The aggregate of the paid-up capital and free reserves of the Company is ₹ 796.59 Lacs. However, in view of the Company's proposed expansion and its enhanced working capital needs, it may be necessary for the Company to borrow monies, by way of Rupees and Foreign Currency Loans from Financial Institutions, bankers as well as loans and deposits from Companies and other lenders, It is anticipated that these borrowing would be in excess of the Company's paid -up capital and free reserves.

The resolution at Item No. 8 of the Notice which is an enabling resolution is necessary in view of the said section 293(1) (d) of the Companies Act, 1956.

None of the Directors is concerned or interested in the said resolution.

For and on behalf of the Board of Directors

SUNNY GANDHI
Executive Director

Registered Office

1008, Panchratna,
Mama Parmanand Marg,
Opera House,
Mumbai 400 004.

Dated: 7th August, 2012

DIRECTORS' REPORT

To,
The Members,
SUNRAJ DIAMOND EXPORTS LIMITED

The Directors' have pleasure in presenting their Twenty Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS:

	(Amount in ₹)	
	<u>31st March, 2012</u>	<u>31st March, 2011</u>
Profit before Depreciation and Interest	2,20,31,990	1,75,05,407
Less: Depreciation	10,49,836	11,64,757
Interest & Financial Expenses	77,17,030	40,80,209
	87,66,866	52,44,966
Profit before Tax	1,32,65,124	1,22,60,441
Less: Provision for Taxation	43,66,925	37,50,000
Deferred Tax	1,63,532	42,650
	45,30,457	37,92,650
Profit for the year	87,34,667	84,67,791
Add/(Less): Appropriation		
- Provision of earlier years w/off	-	-
- Proposed Dividend	53,30,400	53,30,400
- Dividend Distribution Tax	8,64,725	9,05,901
- Trf. to Reserves	2,18,367	2,11,695
Add: Surplus brought forward from previous year	2,30,05,377	2,09,85,580
Balance Carried to Balance Sheet	2,53,26,552	2,30,05,377

DIVIDEND:

Considering the Company's performance, your Directors have recommended for approval of the shareholders a dividend of ₹ 1/- per Equity Share. (Previous Year ₹ 1/- per Equity Share). The total cash outgo on account of dividend for the year 2011-12 works out to ₹ 61.95 lacs, including the Dividend Distribution Tax. The dividend subject to its declaration will be distributed to the shareholders whose names appear on the Register of Members as on 28th September, 2012.

OPERATIONS:

Your Company has recorded a turnover of ₹ 5355.45 lacs during the year under review as opposed to ₹ 5450.10 lacs in the previous year. With the market reaching a phase of stability we saw a continuation of orders being placed with most clients placing orders at regular intervals and similar quantities, prices being constant, as compared to the previous year. GOLD, SILVER and prices of diamonds did not see much fluctuation, as a result of which we were able to match our order book and deliver timely results.

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DIRECTORATE:

In accordance with Article 109 of the Articles of Association of the Company, Mr. Sunny Gandhi and Mr. Jimit Shah retire by rotation but being eligible, offers themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to the Report.

PARTICULARS OF EMPLOYEES:

The Company does not have any employee covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and therefore, this information has not been furnished as part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently, and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March, 31st 2012 and of the Company for the period 1st April, 2011 to 31st March, 2012.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounts 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 annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 to the Listing Agreement with the Stock Exchange a Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of this Report.

AUDITORS:

Shareholders are requested to appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting. The retiring Auditors, M/s Bhupendra Shroff & Co., being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENTS:

The Directors acknowledge the co-operation and assistance received from the Banks and various Government agencies both Central and State.

The Directors wish to place on record their sincere appreciation of the contribution made by the employees at all levels of the organizations who have greatly contributed to the results.

For and on behalf of the Board of Directors

Place : Mumbai,
Dated : 7th August, 2012

SUNNY GANDHI **NIRAV SHAH**
Executive Director Executive Director

ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A) CONSERVATION OF ENERGY:

During the year under review, the energy consumption was maintained at a very minimum level and the Company continues to endeavor that the consumption does not rise. The particulars of total energy consumption and energy consumption per unit of production are not applicable.

B) TECHNOLOGY ABSORPTION - FORM 'B':

1. Research & Development:

- i) Specific areas in which Research and Development is carried out by the Company } NIL
- ii) Benefit derived as a result of the above Research & Development } NIL
- iii) Future plan of action }
- iv) Expenditure on Research & Development }

2. Technology Absorption, Adaptation and Innovation:

The Company has no technical collaboration in respect of manufacture of Diamonds which includes cutting, polishing and finishing.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars with regard to foreign exchange expenditure and earnings are given in Note No.9 & 10 of the Notes to the Accounts.

For and on behalf of the Board of Directors

Place : Mumbai,
Dated: 7th August, 2012.

SUNNY GANDHI **NIRAV SHAH**
Executive Director Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

A) Industry Structure and Development :

The Diamond Industry has seen a steady period of consolidation in prices during the FY 2011-2012. Manufacturing Activity had peaked during the year and prices were very stable with room to make profit. However, the global weakness in the financial markets will have an impact going forward. The instability and budgetary concerns of various governments will affect the downward flow of money and ultimately affect the spending power of the consumer. As a result of this, the luxury market is at great risk of being affected. This will affect our trade adversely for the high end goods. A period of sustained development and growth would be a huge boost for our industry in the long run; however the risk of another global meltdown looms large as of today.

B) Opportunities and Threats :

The Industry has benefitted from state of the art factories being installed at different manufacturing centres. As a result of this the quality of the product keeps getting better and therefore justifying the price of diamonds in the global market. There is more accuracy and clarity in price, which in turn makes it comfortable for the consumer to make a purchase. The global financial markets are still a huge threat and will continue to be so for the next 12 months. Until and unless there is a revival in the Euro zone and strong purchases made in the US festive season, the chances of the market remaining strong look slim.

C) Segment-wise Performance :

The Company currently has only one business segment viz. trading in cut and polished diamonds and hence product-wise performance is not provided.

D) Outlook :

The Indian Diamond Industry is still in a relatively strong position as there is considerable spending power and greater awareness and confidence in the product. The wedding season being

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spread across the year has also resulted in a steady movement in the smaller goods. The larger sized goods have also gained prominence and there should be good demand for the year ahead. Your company has a diversified product range and trades a good proportion of Large as well as small sized goods.

E) Risk and Concerns :

The company identifies a slowdown of EXPORTS as its biggest risk. A global meltdown will severely affect export sales. A heavy inventory spread across the trade could also affect prices in the event of oversupply of goods. This could result in a slight fall / correction in prices.

F) Internal Control Systems and their Adequacy :

The Company has a satisfactory internal control system, the adequacy of which has been mentioned in the Auditors' Report.

G) Human Resources :

There has been no material development on the Human Resource / Industrial relations front during the year.

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of Listing Agreement)

1. Company's Philosophy on Code of Governance :

The Company is committed to benchmarking itself with the best in all areas including Corporate Governance. The Company's philosophy of Corporate Governance is aimed at strengthening the confidence among shareholders, customers and employees and ensuring a long term relationship of trust by maintaining transparency and disclosures. The Company is aiming at efficient conduct of the business in meeting its obligations to the shareholders.

The Company has adopted a Code of Conduct as required under clause 49 of the listing Agreement with the stock Exchanges. The Directors have confirmed compliance with the code of conduct for the year ended 31st March, 2012.

The relevant standards of Corporate Governance have been fully complied with by the Company.

2. Board of Directors :

Composition and size of the Board

The present strength of the Board is 5. The Board comprises of two Executive Directors. The rest are Non-Executive Directors.

The size and composition of the Board conforms with the requirements of Corporate Governance under the Listing Agreement with the Stock Exchange and applicable laws. The Independent Non Executive Directors of the Company do not have any other material or pecuniary relationship or transaction with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board may affect independence of judgment of the Directors. Non-Executive Directors are not paid any remuneration.

No. of Board Meetings held during the year along with the dates of meeting

In the financial year 2011-2012, the Board met Eight times. The Board meetings were held on

- | | | |
|-------------------------|------------------------|----------------------------|
| (1) 29th April, 2011 | (2) 24th June, 2011 | (3) 28th July, 2011 |
| (4) 11th August, 2011 | (5) 18th October, 2011 | (6) 23rd January, 2012 and |
| (7) 1 st February, 2012 | (8) 29th March, 2012. | |

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The composition of 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 directorship, committee memberships and chairmanships held by them, are given below:

Directors	Category	Shares held	Attendance Particulars		No. of other Directorship and Committee Membership/Chairmanship held		
			Board Meeting	Last AGM	Director-Ships	Committee Memberships	Committee Chairmanships
Mr. Sunny S. Gandhi	WTD	681700	7	Yes	1	1	Nil
Mr. Hargovind Shah	NED	Nil	7	No	Nil	2	1
Mr. Nirav Kumar Shah	WTD	80367	7	Yes	Nil	1	1
Mr. Sunil Gandhi	NED	115000	5	Yes	2	Nil	Nil
Mr. Jimit Shah	NED	Nil	7	No	Nil	2	Nil

C: Chairman; **MD:** Managing Director; **WTD:** Whole time Director; **NED:** Non Executive Director

Directors who are Chairpersons of Committee have been included in the list of members as well.

The Board periodically reviews compliance Reports of all laws applicable to the company as well as steps taken by the Company to rectify instances of non-compliances, if any.

None of the Directors is a Member of more than 10 Board - level Committees or Chairman of more than 5 such Committees, as required under clause 49 of the listing agreement, across all Companies in which they are Directors.

The Brief Profile of Director being appointed/re-appointed (pursuant to Clause 49 of the Listing Agreement):

1. Name of Director	Mr. Sunny S. Gandhi	Mr. Jimit Shah
2. Date of Birth	25.12.1982	09.02.1983
3. Date of Appointment	31.01.2006	05.03.2010
4. Experience in specific areas	Mr. Sunny Gandhi had completed his B.Com. and has obtained training in manufacturing and assortment of rough and polished diamonds.	Mr. Jimit Shah Currently working as a Assistant VP with Barclays Bank International Tax, Structured Products Dept. His educational qualification and experience in the finance field is of great help to the company.
5. Qualifications	B. Com.	B. Com, C. A., C. F. A.
6. Directorships in other Companies	K. D. Shah Investments Pvt. Ltd. Sunraj Investments & Finance Pvt. Ltd. Gunial Investments & Trading Pvt. Ltd.	Nil
7. Membership of Committees	Member of Audit Committee	Member of Audit Committee and Shareholders Grievance Committee

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3. Audit Committee:

Terms of reference, Composition:

The terms of reference of this committee covers the matters specified for Audit committee under Clause 49 of the Listing Agreement. The Chairman of the Audit committee is Mr. Hargovind Shah, an Independent Director.

Audit Committee meetings were held on

(1) 29th April, 2011 (2) 28th July, 2011 (3) 11th August, 2011
(4) 18th October, 2011 and (5) 1st February, 2012

The composition of audit Committee and attendance at its meetings is given hereunder:

Member	Position	No. of Meetings attended
Mr. Hargovind Shah	Chairman	5
Mr. Sunny Gandhi	Member	5
Mr. Jimit Shah	Member	5

The Chairman and the statutory auditors were the invitees to the above meetings.

Remuneration Committee:

The Listing Agreement with the Stock Exchanges provides that a Company may appoint a Committee for recommending managerial remuneration payable to the Directors. The Company has setup a remuneration committee for the said purpose. The main function of the Committee is to determine the remuneration payable to the Whole time Directors.

The remuneration Committee has met once during the year.

4. Remuneration Policy:

The remuneration of the Whole time Directors is recommended by the remuneration Committee based on factors such as industry benchmarks, the Company's performance etc. Mr. Sunny Gandhi, the Executive Director has been paid salary of Rs.6,00,000 for the year. Mr. Sunny Gandhi's Contract as Whole time Director of the Company expires on 30th September, 2016, terminable by 3 months Notice on either side. Mr. Nirav Shah, another Executive Director has been paid a salary of Rs. 6,00,000 for the year. At the Meeting of the Remuneration Committee held on 7th August, 2012 it as proposed to increase the salary paid to Mr. Nirav Shah to Rs. 75,000 per month wef 1st October, 2012, for the remaining tenure of his service i.e. upto 31st March, 2014. Mr. Nirav Shah's Contract as Whole time Director of the Company is for a period of 5 years with effect from 1st April, 2009 upto 31st March, 2014 terminable by 3 months Notice on either side. No severance fees are paid under the said Agreement. The Company does not have any stock option scheme. No sitting fees are paid to the Non-Executive Directors.

5. Shareholders Grievance Committee:

The Shareholders Grievance Committee comprises of two independent Directors, Mr. Jimit Shah and Mr. Hargovind Shah. Mr. Nirav Shah has been appointed as the Compliance Officer with effect from 26th February, 2009. There is no complaint that has remained un-redressed. There is no share transfer pending registration for more than 30 days as on the said date.

6. General Body Meetings:

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

Financial Year	Day and Date	Time
2010 - 2011	Tuesday 27/09/2011	11.30 a.m
2009 - 2010	Thursday 30/09/2010	11.30 a.m.
2008 - 2009	Wednesday 30/09/2009	11.30 a.m.

Location:

The 21st AGM for the year 2010 - 2011 was held at Dadoba Jagannath Religious Trust, 21-A Gamdevi Road, Mumbai 400 007. The other two A. G. M's were held at Kshatriya Dnyati Sabha Grugha, 229 Raja Ram Mohan Roy Marg, Girgaum, Mumbai 400 004.

Business:

During the last year, there was no business, which had to be conducted through a postal ballot. At present, the Company does not have any resolution to be decided by the members by postal ballot.

7. Disclosures:

1. There are no related party transactions made by the Company with its promoters, Directors or Management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval. The transactions with the related parties are disclosed in the notes to accounts in the Annual Report.
2. During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchanges or any regulatory authority for non-compliance of any matter relating to the capital market.
3. **Code of Conduct**
The Board of Directors of the Company has laid down two separate Codes of Conduct - one for Directors and other for Senior Management and Employees.
All Board Members and Senior Management personnel have affirmed compliance with the Code of conduct for the year review. A Declaration signed by Managing Director to this effect is annexed to this report.
4. **CEO/CFO Certification**
As required under Clause 49 V of the listing Agreement with the Stock Exchanges, the Managing Director and G.M. Finance of the Company have certified to the Board regarding their review on the Financial Statements, Cash flow Statements and matters related to internal controls etc. in the prescribed format for the year ended 31st March, 2012.

8. Means of Communication:

1. The financial results of the Company are published in widely circulating National dailies such as Free Press Journal and Nav-Shakti. These are not sent individually to the shareholder.
2. The Company's results or official news are not displayed on the Company's web site. There were no presentations made to the institutional investors or to the analysts.
3. The Management Discussion and Analysis Report form a part of this Annual Report.

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9. General Shareholder Information:

a. **AGM Day, Date, Time** Friday, 28th September, 2012 at 11.30 a.m.

Venue Dadoba Jagannath Religious Trust, 21-A,
Gamdevi Road, Mumbai 400 007.

b. **Financial Calendar** 01.04.2011 to 31.03.2012

c. **Un-Audited Financial Results** 1st Quarter Last Week of July
2nd Quarter Last Week of October
3rd Quarter Last Week of January
4th Quarter Last Week of April

d. **Book Closure Period** 21.09.2012 to 28.09.2012

e. **Dividend Payment Date** 16.10.2012

f. **Listing on Stock Exchanges at:**

The Equity Shares of the Company are listed at the The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001.

g. **Stock/Company/Security/Common Code:**

The Stock Exchange, Mumbai. Code: 23425

h. **Demat ISIN No. for Depositories: 495D01014**

i. **Market Price Data:**

High/Low of the Company's Shares traded in the Stock Exchange, Mumbai, during the financial year 2011-2012 is furnished below:

Month & Year	Company's Share Price	
	High (₹)	Low (₹)
April 2011	16.75	13.80
May 2011	15.90	11.15
June 2011	15.51	9.90
July 2011	13.99	10.39
August 2011	14.10	10.93
September 2011	16.75	11.25
October 2011	17.30	14.80
November 2011	18.45	13.55
December 2011	17.50	14.01
January 2012	19.50	16.15
February 2012	17.70	15.10
March 2012	17.60	14.90

j. **Registrar and Transfer Agents:**

In compliance with the SEBI Directive for all listed Companies to have a common agency to handle physical and electronic share registry work the Company has appointed M/s Ajel Limited as the Registrar and Transfer Agents. Accordingly all documents, transfer

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Deeds, demat requests and other communications in relation thereto should be addressed to the R & T at its offices at 106, Oshiwara Link Plaza Commercial Complex, 2nd Floor, New Link Road, Oshiwara, Jogeshwari (West) Mumbai 400 102.

Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Officers of the Registrars and Transfer Agents have been authorized to approve transfers in addition to the officers of the Company.

Distribution of Shareholding as on 31st March, 2012

No. of Shares	No. of Holders	% to Total	No. of Shares	% to Total
1 to 500	8,826	94.11	13,05,127	24.48
501 to 1000	316	3.37	2,60,439	4.89
1001 to 2000	111	1.18	1,67,896	3.15
2001 to 3000	42	0.45	1,04,556	1.96
3001 to 4000	17	0.18	62,562	1.17
4001 to 5000	12	0.13	56,294	1.06
5001 To 10000	21	0.22	1,52,265	2.86
10001 and above	33	0.35	32,21,261	60.43
	9,378	100.00	53,30,400	100.00

Shareholding Pattern of the Company as on 31st March, 2012

Sr. No.	Holders	No. of Shares Held	% of Total
A	Promoters Holding	18,10,800	33.98
B	Institutional Investors		
a.	Mutual Funds and UTI	7,500	0.14
b.	Banks and Financial Institutions	1,600	0.02
C.	Bodies Corporate	1,24,146	2.33
D	Indian Public	32,72,379	61.39
E	NRI's	113,975	2.14
	TOTAL	53,30,400	100.00

Dematerialisation of Shares & Liquidity

As on 31st March, 2012 **80.43%** of the Company's total shares representing 42,87,500 shares were held in dematerialized form.

Address for Correspondence : 1008, Panchratna, Mama Parmanand Marg,
Opera House, Mumbai - 400 004.

For and on behalf of the Board of Directors

Place : Mumbai,
Dated : 7th August, 2012.

SUNNY GANDHI
Executive Director

NIRAV SHAH
Executive Director

SUNRAJ DIAMOND EXPORTS LTD.

DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement the Declaration for Code of Conduct is given below:

To,
The Members of
Sunraj Diamonds Exports Limited

I, Mr. Sunny Gandhi, Executive Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct.

For and on behalf of the Board of Directors

Place : Mumbai,
Dated: 7th August, 2012.

SUNNY GANDHI
Executive Director

AUDITORS' CERTIFICATE

We have examined the conditions of Corporate Governance by Sunraj Diamond Exports Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the relevant Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance except in the matter of the composition of the Board of Directors which did not comprise of Independent Directors to the extent of 50% of the Board's strength, but which has since then been complied with, as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Bhupendra Shroff & Co.**
Chartered Accountants
Firm No. 101458W

Mumbai,
Date: 7th August, 2012.

B. N. Shroff
Partner
Membership No. 5039

AUDITORS' REPORT
TO THE MEMBERS OF SUNRAJ DIAMOND EXPORTS LIMITED

We have audited the attached Balance Sheet of SUNRAJ DIAMOND EXPORTS LIMITED as at 31st March 2012, and the Profit & Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion, accordingly we report:

1. As required under the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraph 4 and 5 of the said Order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper Books of Accounts as required by the law have been kept by the Company so far as appears from our examinations of the books of accounts, and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of accounts and in our opinion, in accordance with the Accounting Standards referred to in Section 211(3c) of the Companies Act, 1956.
 - (d) Based on the confirmations received from the Directors of the Company and the information and explanations as made available to us by the Company, none of the Directors of the Company has *prima facie* any disqualification as referred to in Section 274(1)(g) of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011, and
 - (ii) In the case of the Profit & Loss Account of the loss for the year ended on that date.
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **Bhupendra Shroff & Co.**
Chartered Accountants
Firm No. 101458W

Mumbai,
Date: 7th August, 2012.

B. N. Shroff
Partner
Membership No. 5039

SUNRAJ DIAMOND EXPORTS LTD.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 1 of the report of even date.

1. (a) As per the information and explanation given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As per the information and explanation given to us, fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.
 - (c) No fixed assets have been disposed off during the year.
2. (a) As per the information and explanation given to us, management had physically verified inventory at reasonable intervals.
 - (b) As per the information and explanation given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) As per the information and explanation given to us, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. As per the information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties cover in the register maintained under section 301 of the Act. The Company has received unsecured loans from companies, firms, or other parties covered in the register maintained under section 301 of the Act, however the said loans are not *prima facie* prejudicial to the interest of the Company.
4. As per the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
5. As per the information and explanation given to us, the transactions that need to be entered into the register in pursuant of section 301 of the act have been so entered.
6. As per the information and explanation given to us, the company has not accepted deposits from the public, and hence the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed there under, are not applicable to the company.
7. The Company has adequate internal audit system commensurate to the nature and size of the business of the Company.
8. As per the information and explanation given to us, no cost records are prescribed by the central government under clause (d) of sub-section (1) of section 209 of the Act.
9. (a) As per the information and explanation given to us, the company has no undisputed statutory dues including Provident Fund, Investor Education Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities for the financial year concerned for a period of more than six months from the date they became payable.

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(b) As per the information and explanation given to us, there are no disputed dues of sales tax/custom duty/wealth tax/excise duty/cess except in case of income tax as below.

Nature of Tax Liability	Amount (₹)	Nature of Dispute / Forum Where the dispute is pending
Income Tax A. Y. 2002-03	8,86,480	Assessing Officer as the same was set aside by CIT (Appeals)

10. There are no accumulated losses at the financial year end and there are no cash losses in such financial year and in the financial year immediately preceding such financial year also.
11. As per the information and explanation given to us, the company has taken loans from bank and the same are used for the purpose for which it is taken.
12. As per the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As per the information and explanation given to us, the provisions of any special statute applicable to chit fund are not applicable to the company.
14. As per the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
15. As per the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
16. As per the information and explanation given to us, the company has not taken any term loan during the year.
17. As per the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act
18. As per the information and explanation given to us, the company has not raised money by public issues during the financial year.
19. As per the information and explanation given to us, the company has not noticed any fraud on or by the company during the year.

For **Bhupendra Shroff & Co.**
Chartered Accountants
Firm No. 101458W

Mumbai,
Date :7th August, 2012.

B. N. Shroff
Partner
Membership No. 5039

SUNRAJ DIAMOND EXPORTS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

EQUITY & LIABILITIES	NOTE No.	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
(1) Shareholders' Funds	13		
(a) Share Capital	13a	53,304,000	53,304,000
(b) Reserves & Surplus	13b	26,354,613	23,815,072
(2) Non-Current Liabilities	14		
(a) Long Term Borrowings	14a	26,159,957	8,392,492
(b) Deferred tax Liabilities (Net)	14b	2,278,718	2,115,186
(d) Long Term Provisions	14c	592,141	592,141
(3) Current Liabilities	15		
(a) Short Term Borrowings	15a	113,999,687	53,164,502
(b) Trade payables	15b	43,737,821	49,763,543
(c) Other Current Liabilities	15c	17,201,951	6,097,515
(d) Short Term Provisions	15d	9,002,225	4,655,901
TOTAL		<u>292,631,113</u>	<u>201,900,351</u>
ASSETS			
(4) Non Current Assets	16		
(a) Fixed Assets			
(i) Tangible Assets	16a	19,459,442	20,786,356
(b) Non Current Investments	16b	15,000	15,000
(c) Long Term Loans and Advances	16c	8,591,487	4,594,895
(5) Current Assets	17		
(a) Inventories	17a	40,286,547	34,283,420
(b) Trade Receivables	17b	199,440,419	127,114,504
(c) Cash and Cash Equivalents	17c	13,488,115	14,884,438
(d) Short term Loans and Advances	17d	11,350,102	221,742
TOTAL		<u>292,631,113</u>	<u>201,900,351</u>

Notes on Accounts

1 to 12

As per our report attached
For **BHUPENDRA SHROFF & CO.**
Chartered Accountants
Firm No. : 101458W

(B. N. SHROFF)
Partner

Membership No. : 5039

Mumbai, 7th August, 2012.

For and on behalf of the Board
SUNIL C. GANDHI
Director

SUNNY S. GANDHI
Director

Mumbai, 7th August, 2012.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Current Year ₹	Previous Year ₹
I Revenue from Operations	18	533,599,370	538,303,378
II Other Income	19	19,563,605	11,142,538
III Total Revenue (I+II)		553,162,975	549,445,916
IV Expenses:			
Cost of Material Consumed	20	15,137,747	39,314,591
Purchase of Finished Goods	21	500,063,729	465,006,843
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	22	(952,041)	5,723,669
Employee Benefit Expenses	23	3,050,606	2,371,397
Finance Cost	24	7,717,030	4,080,209
Depreciation and Ammortisation Expenses	25	1,049,836	1,164,757
Other Expenses	26	13,830,945	18,898,955
Total Expenses		539,897,852	536,560,421
V Profit before Exception and Extraordinary Items and Tax (III-IV)		13,265,124	12,885,496
VI Exceptional Items	27	-	625,053
VII Profit before Extraordinary Items and Tax (V-VI)		13,265,124	12,260,443
VIII Extraordinary Items		-	-
IX Profit before Tax (VII - VIII)		13,265,124	12,260,443
X Tax Expenses:	28		
(1) Current Tax		4,366,925	3,750,000
(2) Deferred Tax		163,532	42,650
XI Profit / (Loss) for the period from Continuing Operations (IX-X)		8,734,667	8,467,793
XII Profit / (Loss) from discontinued Operations		-	-
XIII Tax Expenses of discontinued Operations		-	-
XIV Profit / (Loss) from discontinuing Operations after Tax (XII-XIII)		-	-
XV Profit / (Loss) for the period (XI - XIV)		8,734,667	8,467,793
XVI Earnings per Equity Share			
(1) Basic		1.64	1.59
(2) Diluted		1.64	1.59

Notes on Accounts 1 to 12

As per our report attached
For **BHUPENDRA SHROFF & CO.**
Chartered Accountants
Firm No. : 101458W
(B. N. SHROFF)
Partner
Membership No. : 5039
Mumbai, 7th August, 2012.

For and on behalf of the Board
SUNIL C. GANDHI
Director

SUNNY S. GANDHI
Director

Mumbai, 7th August, 2012.

SUNRAJ DIAMOND EXPORTS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012		Year ended 31st March, 2011	
	₹	₹	₹	₹
I Cash Flow from Operating Activities				
Net Profit before tax from Profit and Loss A/c		13,265,124		12,260,441
Adjustments for -				
Loss on sale of Assets	-		625,053	
Interest on Loans Paid	7,717,030		4,080,209	
Unrealised Foreign Exchange	(3,825,708)		(1,692,908)	
Interest income	(831,492)		(628,079)	
Bad Debts	-		3,713,841	
Depreciation	1,049,836	4,109,666	1,164,757	7,262,873
Operating Profit before working capital changes		17,374,790		19,523,314
Adjustments for -				
Trade & Other Receivables	(68,372,487)		34,112,333	
Short Term Loans and Advances	(11,128,360)		-	
Long Term Loans and Advances	661			
Inventories	(6,003,127)		919,034	
Trade & Other Payables	4,971,566	(80,531,748)	(70,446,365)	(35,414,998)
Cash generated from Operations		(63,156,958)		(15,891,684)
Direct Taxes Paid (Net of refund of Taxes)	3,997,252	3,997,252		(832,430)
NET CASH FLOW FROM OPERATING ACTIVITIES		(67,154,210)		(16,724,114)
II Cash Flow from Investing Activities				
Purchase of Fixed Assets	(53,309)			(5,561,036)
Proceeds from sale of Assets	-			597,333
Interest Received	831,492			628,079
NET CASH USED IN INVESTING ACTIVITIES		778,183		(4,335,624)
III Cash from Financial Activities				
Loans Received	255,377,848			135,438,071
Loans Repaid	(176,775,198)			(105,740,995)
Dividend & Dividend Distribution Tax Paid	(6,236,301)			-
Interest on Loans Paid	(7,386,644)			(4,080,209)
NET CASH USED IN INVESTING ACTIVITIES		64,979,705		25,616,867
Net increase/(decrease) in cash and cash equivalents		(1,396,322)		4,557,129
Cash and Cash Equivalents - Opening Balance		14,884,438		10,327,309
Cash and Cash Equivalents - Closing Balance		13,488,115		14,884,438

AUDITORS' CERTIFICATE

We have checked the attached Cash Flow Statement of **SUNRAJ DIAMOND EXPORTS LIMITED**, for the year ended 31st March, 2012 from the books and maintained by the Company in the course of business and has been in accordance therewith.

As per our report attached
For **BHUPENDRA SHROFF & CO.**
Chartered Accountants
Firm No. : 101458W
(B. N. SHROFF)
Partner
Membership No. : 5039
Mumbai, 7th August, 2012.

For and on behalf of the Board
SUNIL C. GANDHI
Director
SUNNY S. GANDHI
Director
Mumbai, 7th August, 2012.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. (a) ACCOUNTING POLICIES

The financial statements are prepared under historical cost convention on accrual basis accordance with the requirements of the Companies Act, 1956.

(b) FOREIGN CURRENCY TRANSACTIONS

Foreign transactions that has been entered into by the Company during the year has been accounted as per the exchange rate prevailing as on the date of transaction.

Sales or Purchases accounted during the year are accounted at the rate of exchange as on the date of transaction. Subsequently, when the bills are settled, any gain or loss arising on such transactions are credited or debited to exchange rate fluctuation account.

Closing balances of the foreign parties as on the Balance Sheet date are accounted at the realizable value as on that date. The difference in the account is transferred to exchange rate fluctuation account.

(c) RELATED PARTY DISCLOSURES

Companies in which Directors are interested

- Sunraj Investment & Finance Pvt. Ltd.
- Gunial Investment & Finance Pvt. Ltd.
- K.D. Shah Investments Pvt. Ltd.

Management / Directors

- Sunil C. Gandhi
- Sunny S. Gandhi
- Nirav K. Shah

Name of Party	Relationship	Transaction	Amount (₹)
Sunny Gandhi	Director	Remuneration	600,000/-
Nirav Shah	Director	Remuneration	600,000/-

(d) EARNING PER SHARE

	2011-2012	2010-2011
	₹	₹
(i) Profit after Tax	87,14,092	84,67,791
Add : Short Provision for Tax of earlier years	20,575	-
	87,34,667	84,67,791

SUNRAJ DIAMOND EXPORTS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	2011-2012	2010-2011
	Nos.	Nos.
(ii) Weighted average number of Ordinary Shares for Basic EPS	53,30,400	53,30,400
Less : Calls in Arrears (Proportionate)	-	-
	53,30,400	53,30,400
(iii) Nominal Value of Ordinary Share	₹ 10/-	₹ 10/-
(iv) Basic/Diluted Earnings per Share	₹ 1.64	₹ 1.59

(e) DEFERRED TAXATION

Deferred Tax Liability for the year is ₹ 163,532/-

(f) PROPOSED DIVIDEND

The Company at its Board Meeting held on 7th August, 2012 has proposed to declare dividend @ 10% on its paid up capital. The effect for the same has been provided in the accounts for the relevant year. As per Companies (Transfer of profits to Reserves) Rules, 1975, 2.5% of the current years profit after tax have been transferred to General Reserve Account.

(g) CONTINGENT LIABILITIES:

The company has a contingent liability of income tax of ₹ 8,86,480 in respect for A.Y. 2002-2003.

(h) MANAGERIAL REMUNERATION:

Managerial Remuneration U/s 198 of the Companies Act, 1956, to the Managing Director.

	2011-2012	2010-2011
	₹	₹
Salaries & Bonus	12,50,000	12,00,000
Perquisites	NIL	NIL

- Inventories are valued at cost as certified by the management.
- There is no amount outstanding payable to Small Scale industries.
- No provision for doubtful debts is made on long outstanding debtors, as the management is hopeful of realizing the same.
- Licensed capacity - Not Applicable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6. RAW MATERIALS CONSUMED

Item	Quantity in Carats	Value ₹
Rough Diamonds	2,490.31	1,51,37,747
(Previous Year)	(20,381.24)	(3,90,55,481)
Synthetic Diamonds	NIL	NIL
(Previous Year)	(11.56)	(2,86,110)
		<u>1,51,37,747</u>
		<u>(3,93,14,591)</u>

7. C.I.F. VALUE OF IMPORTS

	Current Year ₹	Previous Year ₹
Raw Materials	2,01,88,833	4,41,19,226

8. VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL CONSUMED AS % OF TOTAL CONSUMPTION

	Current Year		Previous Year	
	₹	%	₹	%
Imported	1,53,64,760	100	3,26,40,064	83.03
Indigenous	NIL	NIL	66,74,527	16.97
	<u>1,53,64,760</u>	<u>100</u>	<u>3,93,14,591</u>	<u>100.00</u>

9. EXPENDITURE IN FOREIGN EXCHANGE

Foreign Travelling Expenditure ₹ 31,83,023/- (Previous year ₹ 23,45,019/-)

10. EARNING IN FOREIGN EXCHANGE

F.O.B. Value of Exports and Exchange Difference - ₹ 40,73,53,685/- (Previous year ₹ 42,66,13,900/-).

SUNRAJ DIAMOND EXPORTS LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. STOCK & TURNOVER

Items	Units	Opening Stock		Closing Stock		Turnover/Consumption	
		Quantity	Value ₹	Quantity	Value ₹	Quantity	Value ₹
Finished Goods							
Cut & Polished Diamonds	Cts	491.85 (442.38)	11,113,114.00 (16,836,782.69)	573.20 (491.85)	10,809,403.21 (11,017,702.00)	21,457.39 (67,890.79)	548,519,880.00 (586,513,013.00)
Jewellery	Gms	1,480.73 (1,480.73)	4,160,381.00 (4,160,381.00)	1,779.93 (1,480.73)	5,001,133.00 (4,160,381.00)	Nil Nil	Nil Nil
Jewellery	Nos.	Nil Nil	Nil Nil	Nil Nil	Nil Nil	12.00 (1.00)	1,696,530.00 (551,020.00)
Emerald Cut & Polished Stones	Cts	Nil Nil	Nil Nil	116.88 Nil	415,000.00 Nil	Nil Nil	Nil Nil
Synthetic Crystals	Cts	200.18 (189.62)	6,879,337.44 (6,295,238.00)	200.18 (200.18)	6,879,337.44 (6,879,337.44)	Nil (Nil)	Nil (Nil)
Raw Materials							
Rough Diamonds	Cts	1,497.76 (574.31)	9,032,466.00 (4,325,253.00)	653.54 (1,497.76)	14,083,552.00 (9,032,466.00)	2,490.31 (20,381.24)	15,137,747.00 (39,055,481.00)
Synthetic Rought Diamonds	Cts	28,046.31 (127.87)	3,098,122.00 (3,000,700.00)	28,046.31 (28,046.31)	3,098,122.00 (3,098,122.00)	Nil (11.56)	Nil (286,110.00)

Previous year figures are given in Italics.

12. The previous year's figures are regrouped wherever necessary.

As per our report attached

For **BHUPENDRA SHROFF & CO.**

Chartered Accountants

Firm No. : 101458W

(B. N. SHROFF)

Partner

Membership No. : 5039

Mumbai, 7th August, 2012.

For and on behalf of the Board

SUNIL C. GANDHI

Director

SUNNY S. GANDHI

Director

Mumbai, 7th August, 2012.

NOTES TO BALANCE SHEET AS ON 31ST MARCH, 2012

	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
13 Shareholders' Fund		
13a Share Capital		
Authorised 8,000,000 Equity Shares of ₹ 10/- each	80,000,000	80,000,000
Issued, Subscribed & Paid-up		
Opening Balance (5,330,400 Equity Shares of ₹ 10/- each)	53,304,000	54,500,000
Add: Issued during the year	-	-
Less: Shares Forfeited	-	1,196,000
	53,304,000	53,304,000
Details of shares held by:		
Shareholders holding more than 5%		
Sunny Sunil Gandhi	6,81,700 Sh - 12.79%	6,79,500 Sh - 12.75%
Gunvanti Chandrakant Gandhi	3,75,000 Sh - 7.03%	3,75,000 Sh - 7.03%
Gunial Investment and Finance Private Limited	6,39,100 Sh - 12.00%	6,39,100 Sh - 12.00%
13b Reserves and Surplus		
Capital Reserves:		
Capital Reserve	598,000	598,000
Add: Addition during the year	-	-
Closing Balance A	598,000	598,000
Revenue Reserve:		
General Reserve	211,695	211,695
Add: Transfer from Profit & Loss Account	218,367	-
Closing Balance B	430,062	211,695
Surplus in Profit & Loss Account		
Opening Balance	23,005,377	20,985,580
Add: Surplus / (Defecit) in Profit and Loss for the year	8,734,667	8,467,793
Less: Appropriations during the year		
Dividends	5,330,400	5,330,400
Dividend Distribution Tax	864,725	905,901
Transfer to General Reserve	218,367	211,695
Closing Balance C	25,326,551	23,005,377
Total (B + C)	25,756,613	23,217,072
Total (A + B + C)	26,354,613	23,815,072

PROPOSED DIVIDEND

The Company at its Board Meeting held on 7th August, 2012 has proposed to declare dividend @ 10% on its paid up capital. The effect for the same has been provided in the accounts for the relevant year. As per Companies (Transfer of profits to Reserves) Rules, 1975, 2.5% of the current years profit after tax have been transferred to General Reserve Account.

SUNRAJ DIAMOND EXPORTS LTD.

NOTES TO BALANCE SHEET AS ON 31ST MARCH, 2012

	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
14 Non Current Liabilities		
14a Long Term Borrowings		
Secured Borrowings		
HDFC Bank Ltd. (Secured against hypothecation of Car)	86,113	1,621,713
Axis Bank Ltd. (Secured against hypothecation of Car)	549,833	725,854
	<u>635,946</u>	<u>2,347,567</u>
Unsecured Borrowings		
Loans From Directors	25,524,011	6,044,925
	<u>25,524,011</u>	<u>6,044,925</u>
Total	<u>26,159,957</u>	<u>8,392,492</u>
14b Deferred Tax Liabilities (Net)	<u>2,278,718</u>	<u>2,115,186</u>
	<u>2,278,718</u>	<u>2,115,186</u>
14c Long Term Provisions		
Provision for Tax	592,141	592,141
	<u>592,141</u>	<u>592,141</u>

NOTES TO BALANCE SHEET AS ON 31ST MARCH, 2012

	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
15 Current Liabilities		
15a Short Term Borrowings		
Secured Borrowings		
Loans payable on demand - Postshipment Finance from The Royal Bank of Scotland	86,144,198	45,927,700
Secured against		
- Guarantee : - Personal Guarantee of the Directors		
- Collateral:		
- Hypothecation of stocks and receivables		
- Bank Fixed Deposit of ₹ 1,20,00,000 kept with The Royal Bank of Scotland		
- Equitable Mortgage of the Registered Office fo the Company		
HDFC Bank Ltd.	1,119,358	1,033,329
(Secured against hypothecation of Car)		
Axis Bank Ltd.	176,021	158,548
(Secured against hypothecation of Car)		
	635,946	2,347,567
Unsecured Borrowings		
Loans and advances from related parties	1,036,099	-
Loans From Directors	25,524,011	6,044,925
Total	113,999,687	53,164,502
15b Trade Payable	43,737,821	49,763,543
	43,737,821	49,763,543
15c Other Current Liabilities		
Other Payables		
TDS Payable	68,023	56,557
Dividend Payable	5,849,952	5,330,400
Forward Contract Payable	10,774,347	27,167
Deferred Premium Account	76,459	-
Sundry Creditors for Expenses	456,064	572,252
Other Payables	(22,894)	111,139
	17,201,951	6,097,515
15d Short Term Provisions		
Provision for Tax	9,002,225	4,655,901
	9,002,225	4,655,901

SUNRAJ DIAMOND EXPORTS LTD.

NOTES TO BALANCE SHEET AS ON 31ST MARCH, 2012

16 Non Current Assets

16a Tangible Assets

Particulars of Asset	Rate of Dep	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Opening ₹	Add/ Deduct ₹	Closing ₹	Opening ₹	For The Year ₹	Closing ₹	Opening ₹	Closing ₹
Office Premises	1.63	15,134,916		15,134,916	2,060,606	246,699	2,307,305	13,074,310	12,827,611
Vehicles	9.50	7,809,247	(330,386)	7,478,861	928,876	681,721	1,610,597	6,880,371	5,868,264
Furniture & Fixture	6.33	886,016		886,016	529,218	44,196	573,414	356,798	312,602
Office Equipments	6.33	1,599,879	53,309	1,653,188	1,125,003	77,220	1,202,223	474,876	450,965
TOTAL		25,430,058	(277,077)	25,152,981	4,643,702	1,049,836	5,693,538	20,786,356	19,459,443

During the year an amount of ₹ 3,30,386 reduced from the opening value of Vehicles represents excess interest accounted in F.Y. 2010-11 for loan taken for purchase of car reversed during the year.

ACCOUNTING OF DEPRECIATION

Depreciation is provided on Fixed Assets on Straight Line Basis in accordance with Schedule XIV of the Companies Act, 1956.

ACCOUNTING FOR FIXED ASSETS

All Fixed Assets are valued at cost less Depreciation.

	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
16b Non Current Investments		
Investments in Equity Instruments	15,000	15,000
Rander Peoples' Co-op. Bank Limited 150 (Previous Year 150) Equity Shares of ₹ 100/- each fully paid up	15,000	15,000
Further Details		
Aggregate value of quoted investments and market value	-	-
Aggregate amount of unquoted investments	15,000	15,000
Aggregate provision for diminution in value of investments	-	-
ACCOUNTING FOR INVESTMENTS		
Investments are stated at cost of acquisition		
16c Long Term Loans and Advances		
(a) Capital Advances;	2,708,430	2,708,430
(b) Security Deposits;	85,408	85,408
(c) Loans and Advances to related Parties (giving details thereof);	-	661
(d) Other Loans and Advances (Income Taxes).	5,797,649	1,800,396
	8,591,487	4,594,895
(ii) The above shall also be separately sub-classified as:		
(b) Unsecured, considered good;	8,591,487	4,594,895
	8,591,487	4,594,895

NOTES TO BALANCE SHEET AS ON 31ST MARCH, 2012

	AS ON 31.03.2012 ₹	AS ON 31.03.2011 ₹
17 Current Assets		
17a Inventories		
(a) Inventories		
Raw Materials (At cost including incidental expenses incurred for its acquisition)	17,181,674	12,130,588
Finished Goods (At cost or market value whichever is lower)	23,104,874	22,152,832
	<u>40,286,547</u>	<u>34,283,420</u>
Items of inventory are valued on the basis given below:		
(i) Raw Materials: - At cost including incidental expenses incurred for its acquisitions.		
(ii) Finished Goods: - At cost or market value whichever is lower. In case of finished goods which are manufactured, the cost of labour incurred for converting raw material into finished goods and which are lying in the stock are added to the stock of finished goods.		
17b Trade Receivables		
Outstanding For More than six months	40,875,577	371,193
Less than six months	158,564,842	126,743,311
	<u>199,440,419</u>	<u>127,114,504</u>
Sub-classified		
Unsecured, considered good	199,440,419	127,114,504
	<u>199,440,419</u>	<u>127,114,504</u>
17c Cash and Cash equivalent		
(a) Cash and cash equivalent		
Balances with banks	929,707	2,618,727
Cash on hand	110,491	47,618
Bank Fixed Deposits	12,447,917	12,218,093
	<u>13,488,115</u>	<u>14,884,438</u>
Fixed Deposit held as pledged against secured loan taken from The Royal Bank of Scotland	12,000,000	12,000,000
17d Short Term Loans and Advances		
(a) Other Loans and Advances (specify nature)		
Forward Contract Receivable	11,260,253	142,763
Prepaid Insurance	83,849	78,979
Loan to Staff	6,000	-
	<u>11,350,102</u>	<u>221,742</u>
Sub-classified		
Secured, considered good	11,260,253	142,763
Unsecured, considered good	89,849	78,979

SUNRAJ DIAMOND EXPORTS LTD.

NOTES TO PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Current Year ₹	Previous Year ₹
18 Revenue from Operations		
(a) Sale of Products	533,599,370	538,303,378
	<u>533,599,370</u>	<u>538,303,378</u>
19 Other Income		
(a) Interest Income	831,492	628,079
(b) Other non-operating Income	2,260,630	51,333
(c) Exchange Difference	16,471,484	10,463,127
	<u>19,563,605</u>	<u>11,142,538</u>
20 Cost of Materials Consumed		
Opening Stock of Rough Diamonds	12,130,588	7,325,953
Add: Purchases during the year	20,188,833	44,119,226
Less: Closing Stock of Rough Diamonds	17,181,674	12,130,588
	<u>15,137,747</u>	<u>39,314,591</u>
21 Purchase of Finished Goods (Cut and Polished Diamonds)	500,063,729	465,006,843
22 Changes in inventories of Finished Goods, Work in Progress and Stock in Trade		
Finished Goods (Cut & Polished Diamonds)		
Closing Stocks	23,104,874	22,152,832
Less: Opening Stocks	22,152,832	27,876,501
	<u>(952,041)</u>	<u>5,723,669</u>
23 Employee Benefit Expenses		
(1) Salaries and Wages	1,754,071	1,143,900
(2) Directors Remuneration	1,250,000	1,200,000
(3) Staff Welfare Expenses	46,535	27,497
	<u>3,050,606</u>	<u>2,371,397</u>
24 Finance Cost		
(1) Interest Expenses	3,400,448	1,624,366
(2) Other Borrowing Cost	4,316,582	2,455,843
	<u>7,717,030</u>	<u>4,080,209</u>
25 Depreciation and Amortisation Cost		
Deprecation on Fixed Assets	1,049,836	1,164,757

NOTES TO PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Current Year ₹	Previous Year ₹
26 Other Expenses		
Advertisement and Sales Promotion	139,313	144,375
Agency Commission on Import/Export	26,350	40,058
Assortment charges	1,486,425	1,321,041
Audit Fees	112,360	55,150
Office Expense	24,270	15,144
Bad Debts	-	3,713,841
Brokerage & Commission	1,994,408	1,995,996
Business Promotion	3,098,162	1,143,282
Clearing chgs (Import & Export)	34,142	42,779
Conveyance & Travelling Expenses-Local	270,520	184,856
Donation	21,000	11,000
Exhibition Fees	118,256	7,545
Insurance	167,903	128,246
Labour Charges	1,321,896	6,051,858
Legal & Professional Fees	432,390	569,512
Listing Fees	27,575	16,545
Membership & Subscription	94,079	63,302
Miscellaneous Expenses	47,852	63,668
Other Services	28,090	27,575
Postage, Telephone & Telex	504,870	419,630
Printing & Stationery	148,075	44,415
Registration & Trf Agent Fees	70,870	33,090
Rent & Maintenance Charges	85,671	103,191
Travelling Expenses-Foreign	3,183,023	2,345,019
Vehicle Expenses	393,445	357,837
	<u>13,830,945</u>	<u>18,898,955</u>
27 Exceptional Items		
(1) Disposals of items of Fixed Assets	-	625,053
	<u>-</u>	<u>625,053</u>
28 Tax Expenses		
Current Tax	4,387,500	3,750,000
Add: Excess / Short provisions of taxes	(20,575)	-
	<u>4,366,925</u>	<u>3,750,000</u>
Deferred Tax	163,532	42,650
	<u>4,530,457</u>	<u>3,792,650</u>

SUNRAJ DIAMOND EXPORTS LTD.

REGD. OFFICE : 1008, Panchratna Building, 10th Floor, Opera House, Mumbai - 400 004.

Please remember to bring this Attendance Slip with you and hand it over at the entrance of the Meeting Hall. Please also bring copy of the enclosed Report.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Full Name of the Member attending (in block letters) _____

Full Name of the first joint holder _____

(to be filled-in if first named joint-holder does not attend the meeting)

Name of the Proxy _____

(to be filled-in if the proxy form has been duly deposited with the Company)

I hereby record my presence at the Twenty Second Annual General Meeting of the Company held at Dadoba Jagannath Religious Trust, 21-A, Gamdevi Road, Mumbai - 400 007 on Friday, 28th September, 2012 at 11.30 a.m.

Regd. Folio No. : _____

OR

DP ID / CLIENT ID : _____

Member's / Proxy Signature

(to be signed at the time handing over of this slip)

No. of Shares held _____

SUNRAJ DIAMOND EXPORTS LTD.

REGD. OFFICE : 1008, Panchratna Building, 10th Floor, Opera House, Mumbai - 400 004.

FORM OF PROXY

I/We _____

of _____ in the district of _____

_____ being a member(s) of the above named company, hereby appoint

Mr./Ms. _____

of _____ in the district of _____

or failing him/her Mr./Ms. _____

of _____ in the district of _____

as my/our proxy to vote for me/us, on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Friday, 28th September, 2012 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Regd. Folio No. : _____

OR

DP ID / CLIENT ID : _____

No. of Shares held _____

Affix
₹ 1.00
Revenue
Stamp

Note : The Proxy Form signed across revenue stamp should reach the Company's Registered Office at least 48 hours before the scheduled time of meeting. The proxy need not be a member of the company.

Book - Post

To,

If undelivered, please return to :

Sunraj Diamond Exports Ltd.

1008, Panchratna Building, 10th Floor,
Opera House, Mumbai - 400 004.