

## NOTICE

NOTICE is hereby given that the Twenty First 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 Tuesday 27th September, 2011 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, 2011 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. Sunil Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hargovind 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** subject to the provisions of Sections 198,269,309, and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended up to date, consent of the Company be and is hereby accorded to the reappointment and payment of remuneration and perquisites to Mr. Sunny S. Gandhi as Wholetime Director of the Company designated as Executive Director for a period of five years with effect from 1st October, 2011 on the terms and conditions set out in the agreement to be entered into between the Company and Mr. Sunny Gandhi, a draft whereof is placed before the Meeting and is initialed by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent the Board of Directors may consider appropriate and as may be permitted or authorized in accordance with any provision under the Act for the time being in force, provided, however that the remuneration payable to Mr. Sunny Gandhi shall be within the limits set out in the said Act including the said Schedule XIII to the said Act or any amendments thereto or any modifications or statutory re-enactments thereof and / or Rules or Regulations framed thereunder and the terms of the aforesaid Agreement between the Company and Mr. Sunny Gandhi shall be suitably modified to give effect to such variation or increase as the case may be.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Sunny Gandhi as Executive Director, the remuneration and perquisites as set out in the aforesaid agreement shall nevertheless be paid or granted to Mr. Sunny Gandhi as minimum remuneration, provided that in any event the total remuneration by way of salary, perquisites and other allowances shall not

exceed the ceiling laid down in this behalf in Schedule XIII to the Companies Act,1956 as may be amended from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give 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: 11<sup>th</sup> August, 2011**

**NOTES:**

1. 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.
2. An Explanatory Statement as required under Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the share transfer books will remain closed from 22nd September, 2011 to 27th September, 2011 both days inclusive.
4. Members are requested to bring their copies of Annual Report and Accounts to the Meeting.

## EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

### Item No. 6

At the Sixteenth Annual General meeting of the Company held on 30th September, 2006 the members approved the appointment and terms of remuneration of Mr. Sunny Gandhi as Whole - time Director designated as Executive Director for a period of 5 years with effect from 1st October, 2006. In order to enable the Company to continue to benefit from the wide and varied knowledge and experience of the Diamond industry possessed by Mr. Sunny Gandhi, the Board of Directors have, subject to the approval of the Shareholders re-appointed Mr. Sunny Gandhi as Executive Director of the Company for a further period of 5 years commencing from 1st October, 2011 to 30th September, 2016 at the remuneration and on terms and conditions specified below.

Period of appointment : 5 years from 1st October, 2011 to 30th September, 2016.

### Salary

Rs. 50,000/- per month in the scale of 50,000 – 1,00,000 with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time.

### Perquisites:

- a. Medical Reimbursement: Expenses incurred for self and family.
- b. Leave Travel Concession: for self and family, once in a year in accordance with the rules of the Company.
- c. He shall be covered under Personal Accident Insurance policy as per the rules of the Company.
- d. Contribution to Provident Fund/ Superannuation Fund/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together are not taxable under the Income Tax Act.
- e. Gratuity payable shall be calculated as per the provisions of the 'Payment of Gratuity Act, 1972.
- f. He shall be entitled to Encashment of Leave at the end of tenure in accordance with the rules of the Company.
- g. Provision for use on Company's Cars and telephone and mobile at Residence (not to be considered as perquisite).
- h. The Company shall pay fee of clubs as per rules of the Company, subject to a maximum of two clubs.

The perquisites wherever applicable, shall be valued as per the Income Tax Rules, 1962.

Where in any financial year during the currency of the terms of Mr. Sunny Gandhi as Executive Director the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Gandhi, remuneration and perquisites within limits specified in part II of Schedule XIII of the said Act, or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

#### Other Terms

- i) Reimbursement of expenses: Reimbursement of travelling, entertainment and other expenses incurred by him during the course of the business of the Company as per the rules of the Company.
- ii) He shall not be paid any sitting fees for attending Board/Committee Meetings.
- iii) He shall not become interested or otherwise be connected directly or through his wife and / or dependent children in any selling agency of the Company without prior approval of the Central Government.
- iv) The appointment may be terminated by the Company or by Mr. Gandhi by giving not less than three months' prior notice in writing.
- v) In the event of death during the term of his office, the Company shall pay to Mr. Gandhi's legal heirs his full salary and other emoluments for that month and three months thereafter.

Mr. Sunny Gandhi is a Commerce graduate and has obtained specialized training in manufacturing and assortment of rough and polished diamonds. This appointment at the remuneration detailed above is subject to the approval of the Shareholders.

The Directors' are of the opinion that Mr. Gandhi's knowledge of new and improved techniques and innovativeness will be of immense value to the Company. The Directors therefore recommend the resolution for approval of Members.

A copy of the draft agreement referred to in the resolution at Item No. 6 will be available at the Registered Office of the Company and are open for inspection by the members between 10.00 a.m. to 1.00 p.m. on any working day except Saturday.

Mr. Sunil Gandhi and Mr. Sunny Gandhi are concerned or interested in the Resolution at Item No. 6.

The Explanatory Statement together with the Notice should be treated as an abstract of the terms of the Agreement and Memorandum of Concern or Interest under Section 302 of the Companies Act, 1956.

**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: 11<sup>th</sup> August, 2011**