

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



24TH ANNUAL REPORT
2009-2010

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



BOARD OF DIRECTORS

Mr. Jatin R. Mehta	Chairman-cum-Managing Director
Mr. K. N. Bhandari	Director
Mr. G. P. Gupta	Director
Gen. Tej Krishen Kaul	Director
Mrs. Shrilekha V. Parikh	Director
Mr. G. Bharakatia	Director (upto 15 th December, 2009)
Mr. Madan B. Khurjekar	Director (w.e.f. 30 th January, 2010)

CHIEF FINANCIAL OFFICER

Mr. Jaikumar Kapoor

COMPANY SECRETARY

Mr. Shivprakash K. Singh

AUDITORS

M/s. R. C. Reshamwala & Co.
Chartered Accountants

BANKERS

Standard Chartered Bank
Punjab National Bank
Export-Import Bank of India
Canara Bank
State Bank of Hyderabad
Bank of Maharashtra
Oriental Bank of Commerce
Union Bank of India
Central Bank of India
AXIS Bank
Vijaya Bank
Barclays Bank PLC
State Bank of Mauritius Limited
IDBI Bank Limited

ADMINISTRATIVE OFFICE

Su-Raj House
73-C, Cross Road
MIDC, Marol, Andheri (East)
Mumbai - 400 093, India

REGISTERED OFFICE

Kesharba Market - 2
Gotalawadi, Katargam
Surat - 395 004, India

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Road, Bhandup (West), Mumbai 400 078

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NOTICE

NOTICE is hereby given that the Twenty-fourth Annual General Meeting of the Members of Su-Raj Diamonds and Jewellery Limited will be held on Thursday, the 30th day of September, 2010 at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 at 11.30 a.m. to transact the following business:

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit and Loss Account for year ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on Equity Shares for the financial year ended 31st March, 2010.
- 3) To appoint a Director in place of Mrs. Shrilekha V. Parikh, who retires by rotation and being eligible, offers herself for re-appointment.
- 4) To appoint a Director in place of Mr. K. N. Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To re-appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

AS SPECIAL BUSINESS:

- 6) To consider and, if thought fit, to pass, with or without modification if any, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (hereinafter referred to as the Act) and the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including any amendment thereto or re-enactment thereof for the time being in force (hereinafter referred to as the SEBI ICDR Regulations), as applicable to the preferential issue of equity shares, and other applicable regulations of the Securities and Exchange Board of India (the "SEBI"), if any, the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), rules, regulations, guidelines, notifications and circulars issued under FEMA including but not limited to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement including amendments thereto entered into with the Stock Exchanges where the equity shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions of Reserve Bank of India ("RBI"), the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board ("FIPB"), and all other authorities as may be required, whether in India or outside India, (hereinafter collectively referred to as "Appropriate Authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as "Requisite Approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution); approval of members of the Company be and is hereby accorded to the Board to create, offer, issue and allot in one or more tranches, to the Foreign Institutional Investors (FIIs), namely Elara India Opportunities Fund

Limited and Cresta Fund Limited on a preferential basis, upto 50,00,000 (Fifty Lakh) Equity Shares, in aggregate, of Rs.10 (Rupees Ten) each, fully paid-up at a price being the highest of the following:

- The average of weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the "relevant date";
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the "relevant date"; or
- Rs.70 (Rupees Seventy) per Equity Share of Rs.10 each.

RESOLVED FURTHER THAT the relevant date for the purpose of issue of Equity Shares as per Chapter VII (Preferential Issue) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended upto date for determination of the applicable price of Equity Shares shall be 31st August, 2010 being the date 30 days prior to the date of the general meeting of the members.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required, referred to above or as may be necessary in accordance with the terms of the offer, and all such Equity Shares shall be ranking *pari-passu inter-se* with the existing Equity Shares of the Company in all respects save and except that they shall rank for dividend, if any, from the relevant financial year in which they are allotted.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion deem necessary, desirable or expedient to the issue/offer, allotment of the aforesaid Equity Shares, listing thereof with the stock exchanges and to resolve and settle all questions and difficulties that may arise in the proposed issue/offer, allotment of aforesaid Equity Shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee or Sub-Committee of Directors or the Chairperson or any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution, with the power to such Committee/Sub-Committee of the Board to further delegate all or any of its powers/duties to any of its members.

RESOLVED FURTHER THAT any of the foregoing that have been done by the Board on or before the date hereof be and are adopted, ratified, confirmed and approved.

- 7) To consider and, if thought fit, to pass, with or without modification if any, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (hereinafter referred to as the Act) and the applicable provisions of the Securities and Exchange Board of



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India (Issue of Capital and Disclosure Requirements) Regulations, 2009, including any amendment thereto or re-enactment thereof for the time being in force (hereinafter referred to as the SEBI ICDR Regulations), as applicable to the preferential issue of warrants, and other applicable regulations of the Securities and Exchange Board of India (the "SEBI"), if any, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement including amendments thereto entered into with the Stock Exchanges where the equity shares of the Company are listed and subject to any other approval, consent, permission and/or sanction of any appropriate authority as may be required and subject to any condition imposed by any such appropriate authority while granting any such approval, consent, permission or sanction; approval of members of the Company be and is hereby accorded to the Board of Directors ("the Board" which expression shall also include a Committee thereof for the time being exercising the powers conferred on the Board by this resolution) to create, offer, issue and allot in one or more tranches up to 34,00,000 Convertible Warrants (hereinafter referred to as "Warrants") to Kohinoor Diamonds Private Limited (the Promoters/Promoter Group Company) on a preferential basis on such terms and conditions as the Board may in its absolute discretion decide at the time of issue of Warrants, and at price being the highest of the following:

- The average of weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the "relevant date";
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the "relevant date"; or
- Rs.70 (Rupees Seventy) per Equity Share of Rs.10 each.

RESOLVED FURTHER THAT the Warrants shall be issued by the Company to Kohinoor Diamonds Private Limited inter alia, on the following terms and conditions:

1. The Warrant holder shall exercise the option to convert the Warrants i.e. an option to apply for and be allotted 1 (One) Equity Share of face value of Rs.10/- (Ten) each of the Company in accordance with the provisions of SEBI ICDR Regulations at any time within a period of 18 months from the date of allotment of the Warrants.
2. An amount equivalent to at least 25% of the consideration / price per Warrant shall be payable on or before the date of allotment of the Warrants and the balance shall be payable at the time of allotment of Equity Shares pursuant to exercise of the option to convert the Warrants.
3. The Warrants / Equity Shares to be allotted pursuant to the exercise of option to convert the Warrants shall be subjected to the applicable lock-in as prescribed under the SEBI ICDR Regulations as amended from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required upon exercise of option by Warrant holder, all such shares ranking *pari-passu inter-se* with the then existing Equity Shares of the Company in all respects including dividend, if any.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the relevant date, for determination of price for the Equity Shares to be issued and allotted upon exercise of right attached to the Warrants referred to above shall be 31st August, 2010, being the date 30 days prior to the date of the general meeting of the members.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and matters flowing from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion deem necessary, desirable or expedient to the issue/offer, allotment of the aforesaid Warrants or the Equity Shares arising out of them, listing thereof with the stock exchanges and to resolve and settle all questions and difficulties that may arise in the proposed issue/offer, allotment of aforesaid Warrants or the Equity Shares arising out of them, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee or Sub-Committee of Directors or the Chairperson or any other Director(s) or Officer(s) of the Company to give effect to the aforesaid resolution, with the power to such Committee/Sub-Committee of the Board to further delegate all or any of its powers/duties to any of its members.

RESOLVED FURTHER THAT any of the foregoing that have been done by the Board on or before the date hereof be and are adopted, ratified, confirmed and approved.

- 8) To consider and, if thought fit, to pass, with or without modification if any, the following resolution as a **Special Resolution**:

RESOLVED THAT pursuant to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA), the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws (including any statutory modification or re-enactment thereof for the time being in force) and subject to all applicable approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, permission, sanctions, which may be agreed to by the Board of Directors of the Company, consent of the Company be and is hereby accorded for investments by Foreign Institutional Investors (FIIs) including their sub-accounts in the shares of the Company, under Foreign Direct Investments Scheme or by purchase / acquisition from the market under the Portfolio Investments Scheme or Private Placement or Preferential Issues or by any other permitted mode under FEMA and other statutes, upto 65% of the paid-up equity share capital of the Company or such other maximum ceiling/limit as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and execute all documents and writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.

- 9) To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 the existing Authorised Share Capital of the Company viz. Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each be and is hereby increased to Rs. 75,00,00,000/- (Rupees Seventy Five Crore only)

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divided into 7,50,00,000 (Seven Crore and Fifty Lakh Only) Equity Shares of Rs. 10/- (Rupees Ten only) each and consequently Clause V of the Memorandum of Association of the Company relating to the share capital be and is hereby altered by substituting in its place, the following as new Clause V:

- V. The Authorised Share Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy Five Crore only) divided into 7,50,00,000 (Seven Crore and Fifty Lakh Only) Equity Shares of Rs. 10/- (Rupees Ten only) each. The Company shall have power, from time to time, to increase, reduce its Capital and to divide all or any of the Shares in Capital of the Company for the time being, classify and reclassify such Shares from Shares of one class into Shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company, and to vary, modify, or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, for the time being be permitted under the provisions of the Articles of Association of the Company, or legislative provision, for the time being in force in that behalf.

By Order of the Board of Directors
For **Su-Raj Diamonds and Jewellery Limited**

Place: Mumbai
Date : 26th August, 2010

Shivprakash K. Singh
Company Secretary

NOTES:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- 2) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 3) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 4) Pursuant to Section 154 of the Companies Act, 1956, and in accordance with Clause 15 and 16 of the listing agreement(s), the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 21st September, 2010 to Thursday 30th September, 2010 (both days inclusive) to determine the entitlement of shareholders to receive dividend for the year ended 31st March, 2010.
- 5) The Dividend on Equity Shares as recommended by the Board of Directors, if any, declared at the meeting, will be payable to those shareholders whose names appear in the Register of Members of Company as on Monday, 20th September, 2010 and in respect of shares held in Electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the end of the business hours on Monday, 20th September, 2010.
- 6) Shareholders seeking information with regard to Accounts are requested to write to the Company at an early date to enable the management to keep the information ready.
- 7) Shareholders are requested to bring their copy of Annual Report to the Meeting.

- 8) The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28th August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participant at the earliest to avail the benefits of dematerialization.
- 9) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended as on 31st March, 2003 and thereafter, which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Dividend
31.03.2003 (01.04.2002 - 31.03.2003)	27.09.2003	27.09.2010
31.03.2004 (01.04.2003 - 31.03.2004)	31.08.2004	31.08.2011
31.03.2005 (01.04.2004 - 31.03.2005)	11.08.2005	11.08.2012
31.03.2006 (01.04.2005 - 31.03.2006)	22.09.2006	22.09.2013
31.03.2007 (01.04.2006 - 31.03.2007)	30.08.2007	30.08.2014
31.03.2008 (01.04.2007 - 31.03.2008)	26.09.2008	26.09.2015

According to the provisions of the Companies Act, 1956 shareholders are requested to note that no claims shall lie against the Company or said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that they first became due for payment and no payment shall be made in respect of any such claims.

- 10) In order to provide protection against fraudulent encashment of the warrants, Members holding Share Certificates in physical form are requested to notify any change in their addresses or bank mandates immediately to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, Unit: Su-Raj Diamonds and Jewellery Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (West), Mumbai - 400 078. Phone: (91-22) 25946970. Fax: (91-22) 25946969 / 25962691. E-Mail: mnt.helpdesk@linkintime.co.in, Website: www.linkintime.co.in.
- 11) Shareholders holding shares in electronic form may kindly note that their Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such shareholders for deletion of/ change in such Bank details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode. Shareholders who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank Account and not to the Company.
- 12) Non-Resident Indian Shareholders are requested to inform immediately to Company's Registrar and Transfer Agent, Link Intime India Private Limited:



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- a) The change in the Residential status on return to India for permanent settlement.
 - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
- 13) Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
 - 14) Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Company's Registrar and Transfer Agent, Link Intime India Private Limited.
 - 15) Shareholders/Investors are requested to make all correspondences in connection with registration of transfer of shares, non-receipt of dividend, annual report, change of address, bank mandate, issue of duplicate, split and consolidated share certificate, dematerialization of shares, rematerialization of shares, transmission, transposition, deletion and other grievances etc., by addressing letters directly to the Company's Registrar and Transfer Agent, Link Intime India Private Limited and a copy to the Company at Su-Raj House, 73-C, Cross Road, MIDC, Marol, Andheri (East), Mumbai - 400 093 quoting their registered folio number or their client ID number with DP ID number to enable the Company to resolve the Shareholders' Grievances smoothly and speedily.
 - 16) In response to the Company's Application for voluntary delisting of the equity shares as per "Voluntary Delisting under SEBI (Delisting of Equity Shares) Regulations, 2009", the equity shares of the Company has been removed from the list of Ahmedabad Stock Exchange with effect from 9th July, 2010. The Equity Shares of the Company are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Board of Directors of the Company at its meeting held on 26th August, 2010 resolved to issue upto 50,00,000 Equity Shares, in aggregate, to the Foreign Institutional Investors (FIIs), namely Elara India Opportunities Fund Limited and Cresta Fund Limited who have shown interest in subscribing to Equity Shares of the Company under the Regulations for Preferential Issue i.e. Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing

Agreements executed by the Company with the Stock Exchanges also provide that the company shall, in the first instance, offer all securities for subscription pro-rata to the shareholders unless the shareholders in general meeting decide otherwise.

The details and disclosures required under Regulation 73 of the SEBI ICDR Regulations are as under:

1. Object of the Preferential Issue:

Funds raised from the issue will be utilized for augmenting the working capital resources and to meet the requirements of growth of the Company.

2. Intention of the Promoters/Promoter Group, or their associates and relatives, Directors/Key Managerial Persons, to subscribe to the Offer :

Not Applicable.

3. Shareholding Pattern of the Company before and after the Preferential Issue :

Category	Pre-Issue		Post-Issue	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
Promoters:				
Indian	2,14,04,698	34.61	2,14,04,698	32.02
Foreign	-	-	-	-
Total Promoters	2,14,04,698	34.61	2,14,04,698	32.02
Non-Promoters:				
Foreign Institutional Investors	2,38,20,037	38.52	2,88,20,037	43.12
NRIs	6,27,152	1.01	6,27,152	0.94
Mutual Funds/UTI	36,600	0.06	36,600	0.05
Banks, Financial Institutions, Insurance Companies etc.	4,39,648	0.71	4,39,648	0.66
Others	1,55,16,123	25.09	1,55,16,123	23.21
Total Non-Promoters	4,04,39,560	65.39	4,54,39,560	67.98
Total of Promoters and Non-Promoters	6,18,44,258	100.00	6,68,44,258	100.00

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4. Proposed time limit within which the Preferential Issue shall be completed :

The allotment of Equity Shares is proposed to be completed within 15 days of passing of the Special Resolution, provided further that, where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority, or the Central Government, the allotment shall be completed within 15 days from the date of such approval, in terms of Chapter VII of SEBI ICDR Regulations.

5. Identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the preferential issue :

Name of the Allottees	Category of the Allottees	Pre-Issue Equity Holding of the Allottees		Post-Issue Holding of the Allottees	
		No.	%	No.	%
Elara India Opportunities Fund Limited	FII	-	-	21,00,000	3.14
Cresta Fund Limited	FII	-	-	29,00,000	4.34
Total				50,00,000	

As a result of the Issue there will be no change in the control of the Company.

6. Payment Terms :

The investors applying for the Equity Shares shall pay the amount on or before the date of allotment of the Equity Shares.

7. Relevant Date and Price :

The Relevant Date i.e. 31st August, 2010 mentioned in the Special Resolution is as prescribed in Regulation 71 of the SEBI ICDR Regulations.

The price at which the Equity Shares shall be issued is the highest of the following as per Regulation 76 of the SEBI ICDR Regulations:

- The average of weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the "relevant date";
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the "relevant date"; or
- Rs.70 (Rupees Seventy) per Equity Share of Rs.10 each.

Stock exchange for the purposes of this clause means the recognized stock exchange on which the equity shares of the Company are listed and in which the highest trading volume in respect of the Equity Shares of the Company has been recorded during the six months preceding the Relevant Date.

8. Lock-in:

The Equity Shares to be allotted to the FII shall be locked-in for a period, as prescribed in Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

9. Undertaking :

In terms of the SEBI ICDR Regulations, the Company hereby undertakes that:

- It would re-compute the price of the Shares in terms of the provisions of the SEBI ICDR Regulations where it is required to do so.
- If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the specified securities shall continue to be locked-in till the time such amounts is paid by allottee.

10. Auditors Certificate:

A certificate from the Statutory Auditors, M/s. R.C. Reshamwala and Company, Chartered Accountants, certifying that the proposed preferential issue is in accordance with the provisions of the SEBI ICDR Regulations will be available for inspection at the Registered Office of the Company on all working days except Saturdays and Public holidays from 11.00 a.m. to 5.00 p.m. upto the date of the meeting and shall be available for inspection at the meeting.

11. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations)

In terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, including any amendment thereto or re-enactment thereof for the time being in force, the investors as mentioned above in this notice are not required to and do not intend to make any open offer.

The Board of Directors recommends passing of the above resolution as a Special Resolution.

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 7

The Board of Directors of the Company at its meeting held on 26th August, 2010 resolved to issue upto 34,00,000 Convertible Warrants (Warrants) on a preferential basis to Promoters/Promoter Group Company viz. Kohinoor Diamonds Private Limited under the Regulations for Preferential Issue i.e. Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

The holder of each Warrant shall have the option to apply for and be allotted 1 (One) Equity Share of face value of Rs.10/- (Ten) each of the Company within a period of 18 months from the date of allotment of Warrants. The terms and conditions of the issue shall be decided by the Board of Directors in accordance with the SEBI ICDR Regulations.

Pursuant to the provisions of Section 81(1A) of the Companies Act, 1956, any offer or issue of shares in a company to persons other than the holders of equity shares of a company requires prior approval of the shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the company shall, in the first instance, offer all securities for subscription pro-rata to the shareholders unless the shareholders in general meeting decide otherwise.

The details and disclosures required under Regulation 73 of the SEBI ICDR Regulations are as under:

1. Object of the Preferential Issue:

Funds raised from the issue will be utilized for augmenting the working capital resources and to meet the requirements of growth of the Company.



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2. Intention of the Promoters/Promoter Group, or their associates and relatives, Directors/Key Managerial Persons, to subscribe to the Warrants:

The proposed allottee, Kohinoor Diamonds Private Limited, is a company in the Promoter Group which has indicated its intention to subscribe to the Warrants.

3. Shareholding Pattern of the Company before and after the Preferential Issue:

Category	Pre-Issue		Pre-Issue*		Post-Issue**	
	No. of Shares held	% Share-holding	No. of Shares held	% Share-holding	No. of Shares held	% share-holding
Promoters:						
Indian	2,14,04,698	34.61	2,14,04,698	32.02	2,48,04,698	35.31
Foreign	-	-	-	-	-	-
Total Promoters	2,14,04,698	34.61	2,14,04,698	32.02	2,48,04,698	35.31
Non-Promoters:						
Foreign Institutional Investors	2,38,20,037	38.52	2,88,20,037	43.12	2,88,20,037	41.03
NRIs	6,27,152	1.01	6,27,152	0.94	6,27,152	0.89
Mutual Funds/UTI	36,600	0.06	36,600	0.05	36,600	0.05
Banks, Financial Institutions, Insurance Companies etc.	4,39,648	0.71	4,39,648	0.66	4,39,648	0.63
Others	1,55,16,123	25.09	1,55,16,123	23.21	1,55,16,123	22.09
Total Non-Promoters	4,04,39,560	65.39	4,54,39,560	67.98	4,54,39,560	64.69
Total of Promoters and Non-Promoters	6,18,44,258	100.00	6,68,44,258	100.00	7,02,44,258	100.00

* After preferential issue of 50,00,000 Equity Shares to Foreign Institutional Investors

** Post conversion shareholding and percentage assuming allotment of Equity Shares against all Warrants

4. Proposed time limit within which the Preferential Issue shall be completed :

The allotment of Warrants is proposed to be completed within 15 days of passing of the Special Resolution, provided further that, where the allotment on preferential basis is pending on account of pendency of any approval of such allotment by any regulatory authority, or the Central Government, the allotment shall be completed within 15 days from the date of such approval, and on receipt of at least 25% of the price fixed in terms of Chapter VII of SEBI ICDR Regulations and the same shall be adjusted against the price payable subsequently for acquiring the Equity Shares by exercising an option for the said purpose. The balance amount shall be paid at the time of conversion of the Warrants into Equity Shares. In case the allottee does not exercise the option to take Equity Shares, against any of the Warrants, the consideration paid by them in respect of such Warrant shall be forfeited by the Company, in terms of SEBI ICDR Regulations.

The allotment of Equity Shares pursuant to the exercise of option by Warrant holder will be made within a reasonable time after exercise of such option.

5. Identity of the proposed allottee, the percentage of post preferential issue capital that may be held by it and change in control, if any, consequent to the preferential issue :

The following Promoter / Companies of the Promoter Group has expressed its intention to subscribe to the Warrants pursuant to this Special Resolution:

Name of the proposed allottee	Pre-Issue Shareholding		Pre-Issue Shareholding*		Post-Issue Shareholding**	
	No. of shares held	% of share-holding	No. of shares held	% of share-holding	No. of shares held	% of share-holding
Kohinoor Diamonds Private Limited	14,55,646	2.35	14,55,646	2.18	48,55,646	6.91

* After preferential issue of 50,00,000 Equity Shares to Foreign Institutional Investors

** Post conversion shareholding and percentage assuming allotment of Equity Shares against all Warrants

As a result of the Issue there will be no change in the control of the Company.

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6. Terms of conversion of Warrants:

Within 18 months from the date of issue of the Warrants.

7. Relevant Date and Price:

The Relevant Date i.e. 31st August, 2010 mentioned in the Special Resolution is as prescribed in Regulation 71 of the SEBI ICDR Regulations.

The price at which the Warrants shall be issued is a price being the highest of the following:

- The average of weekly high and low of the closing prices of the related equity shares quoted on the recognized stock exchange during the six months preceding the "relevant date";
- The average of the weekly high and low of the closing prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the "relevant date"; or
- Rs.70 (Rupees Seventy) per Equity Share of Rs.10 each.

Stock exchange for the purposes of this clause means the recognized stock exchange on which the equity shares of the Company are listed and in which the highest trading volume in respect of the Equity Shares of the Company has been recorded during the six months preceding the Relevant Date.

The terms and conditions thereof will be decided by the Board in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations.

8. Pre-issue holding of Equity Shares, non-disposal of Equity Shares by the proposed allottee and lock-in period:

The pre-issue shareholding of the proposed allottee is in demat form. The proposed allottee has not sold the shares held in the Company during the six month prior to the relevant date. The pre-issue shareholding and Warrants/Equity Shares arising out of them shall be subjected to lock-in in accordance with the SEBI ICDR Regulations.

9. Undertaking :

In terms of the SEBI ICDR Regulations, the Company hereby undertakes that:

- (a) It would re-compute the price of the Securities (Warrants / Equity Shares) in terms of the provisions of the SEBI ICDR Regulations where it is required to do so.
- (b) If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI ICDR Regulations, the specified securities shall continue to be locked-in till the time such amounts is paid by allottee.

10. Auditors Certificate:

A certificate from the Statutory Auditors, M/s. R.C. Reshamwala and Company, Chartered Accountants, certifying that the proposed preferential issue is in accordance with the provisions of the SEBI ICDR Regulations will be available for inspection at the Registered Office of the Company on all working days except Saturdays and Public holidays from 11.00 a.m. to 5.00 p.m. upto the date of the meeting and shall be available for inspection at the meeting.

11. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Takeover Regulations)

The provisions of the Takeover Regulations are not attracted at the time of allotment of Warrants and so the proposed allottee is not required to make an open offer and comply with the formalities related to an open offer at the time of allotment of Warrants on preferential basis. However, the proposed allottee undertakes to

comply with the Takeover Regulations, if any, applicable at the time of conversion of Warrants into Equity Shares.

The Board of Directors recommends passing of the above resolution as a Special Resolution.

Mr. Jatin R. Mehta, Chairman-cum-Managing Director of the Company may be deemed to be concerned or interested in this Special Resolution. No other director of the Company is deemed to be concerned with or interested in this Special Resolution.

Item No. 8

As per the Master Circular on Foreign Investment in India issued by the Reserve Bank of India under Foreign Exchange Management Act, 1999 the Foreign Institutional Investors (FII/sub-account) are permitted to purchase shares of an Indian company under Portfolio Investment Scheme (PIS) subject to a ceiling of 24% of the paid-up capital of the Company.

The aggregate limit of 24% can be increased to the sectoral cap / statutory limit, as applicable to the company, by passing a resolution of the Board of Directors followed by a special resolution to that effect by the General Body of the Company.

The said ceiling was increased to 49% of the paid-up capital of the Company by the members at the annual general meeting held on 30th September, 2009. It is now proposed to increase the ceiling to 65% of the paid-up capital of the Company which will result in increased scope for FIIs to invest in the shares of the Company.

The Board of Directors recommends passing of the above resolution as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 9

The Authorised Share Capital of the Company at present is Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each.

It is considered necessary to increase the Authorised Share Capital of the Company from Rs. 70,00,00,000/- (Rupees Seventy Crore only) divided into 7,00,00,000 (Seven Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 75,00,00,000/- (Rupees Seventy Five Crore only) divided into 7,50,00,000 (Seven Crore and Fifty Lakh Only) Equity Shares of Rs. 10/- (Rupees Ten only) each as set out in the resolution and consequently the relevant Clause V of the Memorandum of Association be suitably amended as set out in the resolution of the Notice.

A copy of the Memorandum and Articles of the Association of the Company together with the proposed change is available for inspection at the Registered Office of the Company on any working day between 11.00 A.M. and 5.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the meeting.

The Directors recommend the Ordinary Resolution for your approval.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

All the documents referred to in the accompanying notice shall be available for inspection at the Registered Office of the Company on any working day between 11.00 A.M. and 5.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the meeting.

By Order of the Board of Directors
For **Su-Raj Diamonds and Jewellery Limited**

Place : Mumbai
Date : 26th August, 2010

Shivprakash K. Singh
Company Secretary



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

DIRECTORS' REPORT

To

The Members

The Directors have pleasure in presenting the Twenty-fourth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in Crore)

	Financial Year Ended 31 st March, 2010	Financial Year Ended 31 st March, 2009
Total Income	3045.45	2422.34
Profit before Interest and Depreciation	110.89	76.50
Less: Finance Charges (Net)	29.32	32.60
Depreciation	7.82	8.13
Profit before Tax	73.75	35.77
Provision for Tax	8.08	2.32
Profit after Tax	65.67	33.45
Add: Balance in Profit and Loss Account Brought Forward	123.37	96.17
Add: Excess/(Short) provision for Expenses/Income Tax for earlier year	(0.47)	(0.25)
Profit Available for Appropriation	188.57	129.37
Proposed Dividend	6.19	–
Corporate Tax on Proposed Dividend	1.05	–
Transfer to General Reserve	3.00	3.00
Transfer to General Reserve - Foreign Exchange/ Metal Price Fluctuation	3.00	3.00
Balance Carried Forward	175.33	123.37
Total	188.57	129.37

DIVIDEND AND APPROPRIATIONS

The Board of Directors has recommended a Dividend of 10% (Rupee 1 per Equity Share) for the year ended 31st March, 2010, subject to approval of the Shareholders.

An amount of Rs.3.00 crore has been transferred to General Reserve and Rs.3.00 crore to General Reserve – Foreign Exchange/Metal Price Fluctuation.

OPERATIONS

Total income from operations during the year increased by 26% to Rs.3045.45 crore from Rs.2422.34 crore during the previous year. Profit before Interest and Depreciation increased to Rs.110.89 crore as compared with Rs.76.50 crore during the previous year. Net profit for the year increased by 96% to Rs.65.66 crore as compared to Rs.33.45 crore for the previous year.

The Company's improved performance was primarily due to revival in demand from markets in U.S.A. and Europe.

During the year under review Company has entered into Bullion Business to pursue growth opportunities which are synergistic to its operations and strategic to its intents.

PREFERENTIAL ISSUE OF EQUITY SHARES

During the year under review the Company made preferential issue of 18,000,000 equity shares of Rs.10 each at a price of Rs.43.12 per share (including premium) to the Foreign Institutional Investors (FIIs). An amount of Rs.77.62 crore has been raised through the preferential issue.

SUBSIDIARIES

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies, namely Su-Raj Diamonds NV, Su-Raj Diamonds and Jewellery DMCC, Su-Raj Diamonds & Jewelry USA, Inc. and Su-Raj Diamond (H.K.) Limited is attached as 'Annexure' and forms part of this report.

In terms of approval granted by the Central Government under the provisions of Section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents upon request by any investor.

The Annual Accounts of the subsidiaries are also available for inspection by the investors at the Registered Office of the Company and also at the respective offices of its subsidiaries. Pursuant to Accounting Standard 21, issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries.

DIRECTORS

In accordance with the Articles of Association of the Company, Mrs. Shreelkha V. Parikh and Mr. K. N. Bhandari, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

Mr. Madan B. Khurjekar has been appointed as director to fill up the casual vacancy caused by demise of Mr. G. Bharakatia who passed away on 15th December, 2009. Board of Directors wish to place on record its gratitude for the contribution made by Mr. G. Bharakatia during his tenure as a director of the Company.

FIXED DEPOSITS

The Company has not accepted any deposit, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

ISO CERTIFICATION

The Company's units at Bangalore (EOU) and Chennai have been accredited with ISO certification.

The certification indicates Company's commitment in meeting, in a sustainable manner, quality, as per international standards and management systems.

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COMMUNITY DEVELOPMENT AND SOCIAL WELFARE

The Company continues to contribute for social welfare through support to "Veerayatan", a non-profit organization that strives to uplift and empower humanity.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the particulars are given in the statement which forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to the shareholders excluding the aforesaid information. Any shareholder interested in obtaining a copy of the statement may write to the Company's Registered Office at Surat or to its Administrative Office at Mumbai.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made 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 at the end of the financial year ended 31st March, 2010 and of the profit of the Company for that financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. R.C. Reshamwala & Co., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the provisions of 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

GROUP FOR INTER-SE TRANSFER OF SHARES

As required under Clause 3(e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of aforesaid SEBI Regulations, are given in the Annexure - I attached herewith and form part of this report.

INDUSTRIAL RELATIONS

Industrial relations at all levels during the year were satisfactory. The Board wishes to place on record its sincere appreciation of the efforts put in by all the Company's employees for achievement of results under challenging conditions.

LISTING

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited. The Company has paid the Annual Listing fee to each of the above Stock Exchanges.

INTERNAL CONTROL SYSTEM

The Company's internal control systems governed by well framed policies and guidelines is supplemented by well-established audit processes that assists management in identifying issues and associated risks and ensure that all assets are safeguarded and protected against any loss.

Internal audit, an independent appraisal function, examines and evaluates the adequacy and effectiveness of the internal control systems, appraises periodically about activities and audit findings to the Audit Committee, statutory auditors and the management.

CORPORATE GOVERNANCE

The Company has been in compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Report on Corporate Governance, Management Discussion and Analysis and Auditor's Report on compliance with the Corporate Governance requirements have been included in this Annual Report in separate sections.

ACKNOWLEDGEMENTS

The Board of Directors wishes to thank Government of India, bankers, customers, suppliers, shareholders and other business associates of the Company for the continued co-operation and unstinted support extended to the Company.

On behalf of the Board of Directors

Mumbai
11th May, 2010

Jatin R. Mehta
Chairman-cum-Managing Director



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The particulars regarding conservation of energy are not applicable to the Company as the Diamond Industry is not covered under the schedule prescribed by the said Rules.

B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research and Development (R & D):

(1) Specific areas in which R & D is carried out by the Company

Manufacture of jewellery as per international standards is an area in which general research and development work pertaining to the manufacturing process is carried out by the Company.

(2) Benefits derived as a result of the above R & D

Improvement in productivity and cost reduction.

(3) Future Plan of Action

Appropriate action plans are being initiated.

(4) Expenditure on R & D:

- | | | |
|---|---|-------------------------------------|
| (a) Capital | } | Included in the manufacturing cost. |
| (b) Recurring | | |
| (c) Total | | |
| (d) Total R & D expenditure as a percentage of total turnover | | |

Technology absorption, adaptation and innovation:

(1) Efforts in brief, made towards technology absorption, adaptation and innovation

The Company is monitoring the technological up-gradation taking place internationally in the field of diamond and jewellery manufacturing and the same are being reviewed for implementation.

(2) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

- 1) Product improvement
- 2) Cost reduction
- 3) Import substitution in respect of main consumables

(3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- | | | |
|--|---|-----|
| (a) Technology Imported | } | Nil |
| (b) Year of Import | | |
| (c) Has technology been fully absorbed | | |
| (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action | | |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's main line of business is the manufacture and export of cut and polished diamonds and jewellery.

Total Foreign Exchange Earned Rs.3030.36 crore

Total Foreign Exchange Used Rs.2895.81 crore

The foreign exchange used includes the remittances made for raw materials which are under process and foreign exchange earned includes bills to be realised.

On behalf of the Board of Directors

Mumbai
11th May, 2010

Jatin R. Mehta
Chairman-cum-Managing Director

Annexure – I

Group for inter-se transfer of shares under clause 3(e) of Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

NAME OF THE COMPANY
Su-Raj Diamond Industries Limited
SJR Commodities and Consultancies Private Limited
Forever Precious Jewellery and Diamonds Limited
Firstrate Diamonds Private Limited
Forever Diamonds Private Limited
Diadem Investment and Finance Private Limited
Kohinoor Diamonds Private Limited
Bombay Diamonds Company Private Limited
J.R. Diamonds Private Limited

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CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is based on preserving core values, ethical business conduct, maximisation of shareholders value and welfare of stakeholders.

The Company on a continuous basis assesses its strengths and weaknesses so as to achieve the best standards of Corporate Governance while on the path of protecting the long term interest of the members and the stakeholders.

BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2010, the Board of Directors comprised of six members, out of which five are Independent Directors. Mr. Jatin R. Mehta, Executive Director, is the Chairman of the Board.

Board Meetings

The Board meets at least once every quarter to review the quarterly results and other items of the Agenda and, if necessary, additional meetings are held.

Five Board Meetings were held during the year ended 31st March, 2010. These were held on 4th May, 2009, 31st July, 2009, 26th August, 2009, 29th October, 2009 and 30th January, 2010.

The following table gives attendance of the Directors in the Board Meetings alongwith the attendance in the Annual General Meeting held on 30th September, 2009:

Name of Director	Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last A.G.M.
Mr. Jatin R. Mehta	Executive Director	5	4	Yes
Mr. Kailash Nath Bhandari	Non-Executive Director & Independent Director	5	4	No
Mr. G. P. Gupta	Non-Executive Director & Independent Director	5	2	No
Gen. Tej Krishen Kaul	Non-Executive Director & Independent Director	5	3	No
Mrs. Shriekha V. Parikh	Non-Executive Director & Independent Director	5	4	No
Mr. G. Bharakatia *	Non-Executive Director & Independent Director	4	4	Yes
Mr. Madan B. Khurjekar **	Non-Executive Director & Independent Director	1	1	No

* Director upto 15th December, 2009

** Appointed on 30th January, 2010

Directorships and Committee positions held by the Directors

In accordance with Clause 49 of the Listing Agreement, none of the Directors is a member in more than ten Committees or is acting as a chairman of more than five committees across companies in which he is Director. For the purpose of considering the limits of the committees, only the chairmanship and membership of the Audit Committee and Shareholders Grievances Committee are considered.

The Directorships and Committee positions held by the Directors in various other companies as on 31st March, 2010 are given below:

Name of Director	Category	Number of Directorship in Other Companies	Number of Committee positions held in other Companies	
			Chairman	Member
Mr. Jatin R. Mehta	Executive Director	4	Nil	2
Mr. Kailash Nath Bhandari	Non-Executive Director & Independent Director	9	1	3
Mr. G. P. Gupta	Non-Executive Director & Independent Director	13	5	4
Gen. Tej Krishen Kaul	Non-Executive Director & Independent Director	5	Nil	Nil
Mrs. Shriekha V. Parikh	Non-Executive Director & Independent Director	Nil	Nil	Nil
Mr. Madan B. Khurjekar	Non-Executive Director & Independent Director	1	Nil	1

Information Supplied to the Board

The information placed before the Board includes:

- Annual operating plans, capital budgets and any updates.
- Quarterly results for the Company and business segments.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.



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- Significant labour problems and their proposed solutions. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Details of investment of surplus funds available with the Company.
- Minutes of the Board Meetings of the subsidiary companies.
- Statement showing significant transactions & arrangements entered into by the subsidiary companies.

Remuneration paid to Directors

Details of remuneration paid to Directors for the financial year 2009-10.

(Rs.)

Sr. No.	Name of the Director	Board Meeting Sitting Fees	Audit Committee Sitting Fees	Salary Perquisites Super-annuation/ Commission/ ESOP	Total
1.	Mr. Jatin R. Mehta	Nil	Nil	3,600,000	3,600,000
2.	Mr. K. N. Bhandari	40,000	Nil	Nil	40,000
3.	Mr. G. P. Gupta	20,000	Nil	Nil	20,000
4.	Gen. Tej Krishen Kaul	30,000	20,000	Nil	50,000
5.	Mrs. Shrilekha V. Parikh	40,000	30,000	Nil	70,000
6.	Mr. G. Bharakatia	40,000	30,000	Nil	70,000
7.	Mr. Madan B. Khurjekar	10,000	10,000	Nil	20,000
	Total				3,870,000

Code of Conduct

A code of conduct for all Board members and senior management of the Company has been prepared. The code of conduct is available on the website of the Company www.su-raj.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

Risk Management

The Company has established risk assessment and minimization procedures, which are reviewed by the Board periodically.

Committees of the Board

The Company has two committees of the Board, Audit Committee and Shareholders/Investors Grievances Committee. The decisions relating to the constitution of committees, appointment of members and fixing of terms of service for committee members are taken by the Board of Directors. Composition of the said committees, number of meetings held and attendance during the financial year is as follows:

a) Audit Committee

As on 31st March, 2010 the Audit Committee comprised of three independent Directors, Mr. Madan B. Khurjekar (Chairman), Mrs. Shrilekha V. Parikh and Gen. Tej Krishen Kaul.

Mr. Madan B. Khurjekar has been appointed as Chairman of the Audit Committee on 30th January, 2010 in place of Mr. G. Bharakatia who died on 15th December, 2009.

Four Audit Committee Meetings were held during the financial year 2009-2010. These were held on 4th May, 2009, 31st July, 2009, 29th October, 2009 and 30th January, 2010. The following table gives attendance of the Members in the Audit Committee Meeting:

Name of Members	Status	No. of Meetings Attended
Mr. Madan B. Khurjekar *	Chairman	1
Mrs. Shrilekha V. Parikh	Member	3
Gen. Tej Krishen Kaul	Member	2
Mr. G. Bharakatia **	Chairman	3

* since 30th January, 2010

** upto 15th December, 2009

The statutory auditors, internal auditors are permanent invitees to the audit committee. The Company Secretary acts as secretary of the committee. Members of the Audit Committee including the Chairman have accounting and financial management expertise. The former Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 30th September, 2009 to answer shareholder's queries.

The Audit Committee of the Company performs the following functions:

- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment and, if required, the removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly and annual financial statements before submission to the Board.
- Reviewing with the management the annual financial statements of subsidiary companies.
- Reviewing the adequacy of internal audit functions.
- Reviewing with the management and auditors, the adequacy of internal control systems.
- Reviewing with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any.

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- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee reviews:

- Management discussion and analysis of financial conditions and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Internal Auditor.
- The Audit Committee is also presented with the following information on related party transactions (whenever applicable):
 - A statement in summary form of transactions with related parties in the ordinary course of business.
 - Details of material individual transactions with related parties, which are not in the normal course of business.
 - Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.
- Compliance by the Company of all the Accounting Standards as laid down by the Institute of Chartered Accountants of India, and adherence thereto, wherever applicable.

b) Shareholder/Investor Grievances Committee

As on 31st March, 2010 the Shareholder/Investor Grievances Committee comprised of Gen. Tej Krishen Kaul (Chairman), Mr. Jatin R. Mehta and Mr. Madan B. Khurjekar.

Mr. Madan B. Khurjekar has been appointed as a member of the committee on 30th January, 2010 in place of Mr. G. Bharakatia.

The Shareholder/Investor Grievances Committee looks into redressing investor's grievances like transfer of shares, non-receipt of shares, non-receipt of dividends, non-receipt of annual report, etc.

Name and designation of the compliance officer: Mr. Shivprakash K. Singh, Company Secretary.

During the year, the Committee met four times, details of which are as under:

Sr. No.	Date	Committee strength	No. of members present
1	04.05.2009	3	2
2	30.07.2009	3	2
3	29.10.2009	3	3
4	21.01.2010	2	2

Subsidiary Companies

All the subsidiary companies of the Company are managed by their respective Board of Directors. The financial statements, in particular investments made by unlisted subsidiary companies are reviewed by the Audit Committee of the Company.

Brief of the Company's subsidiary companies as on 31st March, 2010 are as under:

Sr. No.	Name of Subsidiary	Country in which Incorporated
1	Su-Raj Diamonds NV	Belgium
2	Su-Raj Diamonds and Jewellery DMCC	U.A.E.
3	Su-Raj Diamonds & Jewelry USA, Inc.	U.S.A.
4	Su-Raj Diamond (H.K.) Limited	Hongkong

MANAGEMENT

Management Discussion and Analysis

Management Discussion and Analysis report forms part of the Annual Report and has been detailed separately in the report.

Disclosures on materially significant related party transactions

None of the transactions with related parties were in conflict with the interest of the Company.

Disclosures of transactions with related parties are set out in Schedule 12 to Annual Accounts, forming part of the Annual Report.

Details of non-compliance by the Company

No instance of non-compliance by the Company on any matter related to capital markets during the last three years has been reported and therefore no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.

Code for prevention of insider trading practices

The Company has instituted a code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Su-Raj Diamonds and Jewellery Limited, and cautioning them of the consequences of violations.

CEO/CFO certification

The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed at the end of the report.

SHAREHOLDERS

Re-appointment/Appointment of Directors

According to the Articles of Association of the Company, one-third of its Directors retire every year.

Mrs. Shrilekha V. Parikh and Mr. K. N. Bhandari, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

The brief particulars of Mrs. Shrilekha V. Parikh and Mr. K. N. Bhandari are given below:

Mrs. Shrilekha V. Parikh

Mrs. Shrilekha V. Parikh was appointed as a Director of the Company on 9th May, 2008. Mrs. Shrilekha V. Parikh is an academican with over 25 years of rich teaching experience in India and abroad. She is a post-graduate (M.Com.) and has a Business Degree with marketing specialization from Jammalal Bajaj Institute of Management Studies. She is Non-Executive Independent Director of the Company.

Mr. K. N. Bhandari

Mr. K. N. Bhandari was appointed as a Director of the Company on 20th August, 2002. He was the Chairman cum Managing Director of New India Assurance Company Limited and United India Insurance



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Company Limited. He is having vast experience in General Insurance. He is Non-Executive Independent Director of the Company. Other Directorships held by Mr. K. N. Bhandari as on 31st March, 2010 are as follows:

1. Andhra Cements Limited
2. Agriculture Insurance Company of India Limited
3. Bank of Rajasthan Limited
4. Credence Logistics Limited
5. Ispat Energy Limited
6. Hindalco Industries Limited
7. Magma Fincorp Limited
8. Saurashtra Cement Limited
9. Shristi Infrastructure Development Corporation Limited

Communication with shareholders

Su-Raj Diamonds and Jewellery Limited has its own web-site www.su-raj.com and all important information relating to the Company, including results, press releases, etc. are posted on web-site. The results of the Company are published in leading newspapers like Economic Times/Financial Express and Nav Gujarat Times.

Investor Grievances

The Company has constituted a Shareholders/Investors Grievances Committee for redressing shareholders' complaints, as mentioned earlier in this report. Grievance redressal division/compliance officer's e-mail ID as per clause 47(f) of Listing Agreement, exclusively for the purpose of registering complaints by investors:

companysecretary@su-raj.com

Compliance

Certificate from the Auditors of the Company, M/s. R.C. Reshamwala & Company, Chartered Accountants, confirming the compliance with the conditions of corporate governance, as stipulated under Clause 49 of Listing Agreement, is annexed to the Directors Report forming part of the Annual Report.

General Body Meetings

Year	Location	Date	Time
2006-2007	Mahida Bhavan Icchanath Opp. S.V.R. Engineering College, Dumas Road, Surat 395007	30 th August, 2007	11.30 a.m.
2007-2008		2 nd February, 2008 *	11.30 a.m.
		26 th September, 2008	11.30 a.m.
2008-2009		30 th September, 2009 **	11.30 a.m.

* A Special Resolution under Section 81(1A) of the Companies Act, 1956 for Preferential Issue of Equity Shares was passed at the Extra Ordinary General Meeting held on 2nd February, 2008.

** The following Special Resolutions were passed at the Annual General Meeting held on 30th September, 2009:

- (ii) Increase of limit of investment for Foreign Institutional Investors (FIIs) to 49%
- (iii) Preferential issue of equity shares to Foreign Institutional Investors (FIIs).

General Shareholder Information:

Annual General Meeting:

Date, time and venue

30th September, 2010, 11.30 a.m.

Mahida Bhavan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007.

Financial Calendar (tentative)

Financial year:

1st April to 31st March

Results for the quarter ending 30th June, 2010

Second week of August, 2010

Results for the quarter ending 30th September, 2010

Second week of November, 2010

Results for the quarter ending 31st December, 2010

Second week of February, 2011

Results for year ending 31st March, 2011

Last week of May, 2011

Date of Book Closure Period

21st September, 2010 to 30th September, 2010

Dividend Payment Date

On or after 30th September, 2010

Listing of Equity Shares on Stock Exchanges and Payment of Listing Fees

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 023

Scrip Code: 507892

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block-G
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Symbol: SURAJDIAMN
Series : EQ

Ahmedabad Stock Exchange Limited

First Floor, Kamdhenu Complex
Opp. Sahajanand College
Panjarapole, Ahmedabad 380 015

Scrip Code : 57910

The Annual Listing Fees for the financial year 2010-2011 has been paid by the Company to the stock exchanges.

DEMAT SEGMENT

ISIN : INE664A01015

Market Price Data :

The price of the Company's Equity Shares-High, Low during each month in the last financial year:

MONTH	BSE (in Rs. per share)		NSE (in Rs. per share)		Indices : Sensex	
	High	Low	High	Low	High	Low
April, 2009	31.35	20.55	31.50	20.75	11,492.10	9,546.29
May, 2009	41.70	25.00	41.45	23.50	14,930.54	11,621.30
June, 2009	46.70	34.55	47.20	34.15	15,600.30	14,016.95
July, 2009	40.30	29.15	39.80	29.40	15,732.81	13,219.99
August, 2009	54.95	35.80	54.90	36.40	16,002.46	14,684.45
September, 2009	56.80	44.55	56.40	42.90	17,142.52	15,356.72
October, 2009	54.90	42.80	54.95	42.15	17,493.17	15,805.20
November, 2009	51.30	41.25	51.00	41.50	17,290.48	15,330.56
December, 2009	55.50	44.80	55.40	44.20	17,530.94	16,577.78
January, 2010	60.00	42.00	55.55	40.00	17,790.33	15,982.08
February, 2010	54.75	45.10	54.50	45.00	16,669.25	15,651.99
March, 2010	51.20	45.50	51.45	45.25	17,793.01	16,438.45

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Registrar and Transfer Agent:

Link Intime India Private Limited

(formerly known as Intime Spectrum Registry Limited)

Unit: Su-Raj Diamonds and Jewellery Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Road
Bhandup (West), Mumbai 400 078.
Phone : (91-22) 25946970.
Fax : (91-22) 2594 6969 / 2596 2691.
E-Mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

Share Transfer System

Shareholders/Investors are requested to send the share transfer related documents directly to the Company's Registrar & Transfer Agent, **Link Intime India Private Limited** whose address is given above. Shareholder's/Investor's Grievances Committee is authorized to approve the registration of transfer of shares in the physical segment. All share transfer is completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

Company's Registered Office Address:

Su-Raj Diamonds and Jewellery Limited
Kesharba Market – 2, Gotalawadi
Katargam, Surat – 395 004
Gujarat State, India
Phone: 0261-2535055 Fax: 0261-2533435

Investor's Service Cell:

Su-Raj Diamonds and Jewellery Limited
Su-Raj House, 73-C, Cross Road
MIDC, Marol, Andheri (East)
Mumbai 400 093
Maharashtra State, India
Phone: (022) 40916300 Fax (022) 28265550
E-mail: companysecretary@su-raj.com

Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28th August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize the same by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialisation.

The total number of shares dematerialized as on 31st March, 2010 are 58,224,120 shares representing 94.15% of Share Capital. The Equity Shares of the Company are frequently traded at Bombay Stock Exchange and National Stock Exchange (BSE & NSE).

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : Nil

Details of proceeds from Preferential Issue :

During the financial year 2009-2010 an amount of Rs. 77.62 crore has been raised vide Preferential Issue of 18,000,000 Equity Shares of Rs. 10 each at a price of Rs. 43.12 per share (including premium) to the Foreign Institutional Investors (FIIs). The proceeds raised through the Preferential Issue of Equity Shares have been utilised for working capital requirements, as planned.

Location of Factories:

- 143-D Bommasandra Industrial Area, Hosur Road, Hebbagodi, Bangalore – 562 158.
- Plot No.1 and 1A, Tivim Industrial Estate, Karaswada, Mapusa, Goa -403 526.

- E-7, Marudhara Industrial Estate, IInd Phase, Basni, Jodhpur - 342 005.
- Kesharba Market-2, Gotalawadi, Katargam, Surat - 395 004.
- Manikanchan Special Economic Zone, Plot No.1, Block-CN, Sector-5, Salt Lake City, Kolkata - 700 091.
- Plot No. 17/SDF, 4th Floor, Cochin Special Economic Zone, Kakkanad, Kochi – 682 037, Kerala.
- Unit No.46, 2nd Floor, SDF-III, MEPZ-SEZ, Tambaram, Chennai - 600045.

Distribution of Shareholding as on 31st March, 2010

CATEGORY	NO.OF SHARES HELD	% OF SHARE HOLDING
A. Promoter's Holding		
1. Promoters		
Indian Promoters	21,404,698	34.61
Foreign Promoters	-	-
2. Persons acting in Concert	-	-
Sub Total	21,404,698	34.61
B. Non-Promoters Holding		
3. Institutional Investor		
a. Mutual Funds and UTI	36,800	0.06
b. Banks, Financial Institutions (Central / State Government Institutions/Non-Government Institutions)	539,548	0.87
c. Insurance Companies	-	-
d. FIIs	23,820,137	38.52
Sub Total	24,396,485	39.45
4. Others		
a. Private Corporate Bodies	1,540,430	2.49
b. Indian Public	13,903,713	22.48
c. NRIs	598,732	0.97
d. Any Other (Non-executive Directors and their Relatives)	200	
Sub Total	16,043,075	25.94
GRAND TOTAL	61,844,258	100.00

Shareholding pattern as on 31st March, 2010

Shareholding of nominal value of Rs.	No. of Share-holders	% to Total	Total Shares	% to Total
Up to 5,000	45,709	90.24	6,907,353	11.17
5,001 to 10,000	3,083	6.08	2,369,732	3.83
10,001 to 20,000	1,052	2.07	1,569,953	2.54
20,001 to 30,000	292	0.58	735,769	1.19
30,001 to 40,000	136	0.27	492,436	0.79
40,001 to 50,000	116	0.23	544,413	0.88
50,001 to 1,00,000	147	0.29	1,036,408	1.68
1,00,001 and above	119	0.24	48,188,194	77.92
Total	50,654	100.00	61,844,258	100.00



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(As required by Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges)

To

The Shareholders and the Board of Directors

Su-Raj Diamonds and Jewellery Limited

We, Jatin R. Mehta, Chief Executive Officer (CEO) and Jaikumkar Kapoor, Chief Financial Officer (CFO), of Su-Raj Diamonds and Jewellery Limited, to the best of our knowledge and belief, certify that:

- 1) We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 2010 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
- 2) To the best of our knowledge and information:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 3) We also certify, that based on our knowledge and belief there are no transactions entered into by the Company, which are fraudulent, illegal or violative of the Company's Code of Business Conduct and Ethics.

- 4) The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
- 5) The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the Audit Committee of the Company's Board of Directors:
 - a) All significant deficiencies in the design or operation of internal controls, which we are aware of and have taken steps to rectify these deficiencies;
 - b) Significant changes in internal control during the year;
 - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
 - d) Significant changes in accounting policies during the year.

We further declare that all the Board Members and Senior Management of the Company have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st March, 2010.

Jatin R. Mehta
 Chairman cum Managing Director/
 Chief Executive Officer

Jaikumkar Kapoor
 Chief Financial
 Officer

Mumbai
11th May, 2010

Details of Other Directorships held:

Sr. No.	Name of the Director	Directorship	Committee Membership	Committee Chairmanship
1	Mr. Jatin R. Mehta	Forever Precious Jewellery and Diamonds Limited		
		Revah Corporation Limited	Audit Committee	
		Carbon Accessories Limited		
		Peacock Jewellery Limited	Audit Committee	
2	Mr. K. N. Bhandari	Andhra Cements Limited	Audit Committee	
		Agriculture Ins. Co. of India Limited		Audit Committee
		Bank of Rajasthan Limited	Audit Committee	
		Credence Logistics Limited		
		Ispat Energy Limited		
		Hindalco Industries Limited		
		Magma Fincorp Limited		
		Saurashtra Cement Limited		
		Shristi Infrastructure Development Corporation Limited	Audit Committee	
		Baroda Pioneer Asset Management Co. Limited		
3	Mr. G. P. Gupta	SIDBI Venture Capital Limited		
		PTC India Limited	Audit Committee	
		Swaraj Engines Limited		Audit Committee
		Birla Sun Life Insurance Company Limited		Audit Committee
		Aditya Birla Nuvo Limited	Audit Committee	
		Emkay Global Financial Services Limited		Audit Committee
		Landmark Property Development Co. Limited	Audit Committee	
		Idea Cellular Limited		Audit Committee
		Lodha Developers Limited	Audit Committee	
		Lodha Elevation Buildcon Private Limited		
Aditya Birla Capital Advisors Private Limited		Audit Committee		
Avam Technologies Private Limited				
4	Mrs. Shrilekha V. Parikh	Nil		
5	Gen. Tej Krishen Kaul	OTC Exchange of India		
		Tricolor Advisory Services Private Limited		
		Tricolor Consultants Private Limited		
		Tricolor Hospitality Private Limited		
		Tricolor Risk and Security Solutions Private Limited		
6	Mr. Madan B. Khurjekar	Forever Precious Jewellery and Diamonds Limited	Audit Committee	

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Management Discussion and Analysis

Industry Structure and Development:

The gems and jewellery industry had a fabulous growth during the financial year 2009-10. Gems and jewellery export grew by 16% to \$28.41 billion during the year. The growth was primarily due to revival in demand from markets in the U.S.A. and Europe.

The diamond production recorded increase during the year recovering from global slow down in the previous year.

Cut and polished diamond exports were the main drivers of the growth in financial year 2009-2010 which accounted for about 62% of total share of gems and jewellery industry. The gold jewellery accounted for 31% of the total share.

The performance of gems and jewellery industry is paramount since its contribution to India's total merchandise exports is about 13%. It is anticipated that global consumer demand for luxury goods will recover leading to further growth of the sector.

Su-Raj Diamonds and Jewellery Limited has reported a 26% increase in sales at Rs.3036.19 crore for the year ended 31st March, 2010. Net profit during the year was Rs.65.66 crore as against Rs.33.45 crore during the previous year, registering an increase of 96%.

Segment wise / Product wise Performance:

Sales of diamonds during the year 2009-2010 was Rs.713 crore, whereas the Sales of Jewellery was Rs.2323 crore, representing 23% and 77% of the total turnover respectively.

Statement of continent-wise sales for year 2009-2010:

Continent	Sale (Rs. crore)	Percentage
North America	542.50	17.87
Europe	523.23	17.23
Middle East	1758.43	57.92
Asia	212.03	6.98
Total	3036.19	100.00

Financial and Operating Performance:

Income

The income for the year increased by 26% to Rs.3045.45 crore as against Rs.2422.34 crore in the previous year.

Profit

The Operating Profit Before charging Depreciation, Interest and Tax (PBIDT) amounted to Rs.110.92 crore.

The Profit Before Tax (PBT) for the year under review was Rs.73.74 crore compared to Rs.35.77 crore during the previous year. The Profit After Tax (PAT) increased by 96% to Rs.65.67 crore from Rs.33.45 crore in the previous year.

Earning Per Share

The Earning Per Share for the year was Rs.12.69 (previous year Rs. 7.64).

Dividend

Dividend of 10% has been recommended by the Board of Directors for financial year ended 31st March, 2010 (previous year : Nil).

Risk, Internal Control System and Adequacy:

Su-Raj Diamonds and Jewellery has a low debt equity ratio and is well placed to take care of its borrowings.

CRISIL has, once again, re-rated 'P1' for Su-Raj Diamonds and Jewellery's bank facilities. CRISIL's ratings reflect the Company's healthy business risk profile and sound operational efficiencies, and its comfortable financial risk profile.

The risks are suitably covered. The Company has an internal control system in place, which is efficient and commensurate with the size and nature of its business.

Outlook, Opportunities and Threats:

With recovery of global economies, the outlook for gems and jewellery industry is positive. The diamond prices have consolidated and are expected to firm-up further.

The gold prices have reached new highs. However, according to Gold Survey 2010 there are indications that the final phase of 10-year bull run is near.

Su-Raj Diamonds and Jewellery Limited with its star trading house status and consequent positioning as nominated agency for direct import of gold has gateways open for bullion business in full fledge.

However, the sustainability of gold prices is a factor which needs to be closely monitored.

Human Resources:

Comprehensive on-going training is offered to the employees to increase their competence level and job capability. There is a strong focus on team work and team building. Employee relations continue to be cordial.

Cautionary Statement:

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward - looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

On behalf of the Board of Directors

Mumbai
11th May, 2010

Jatin R. Mehta
Chairman-cum-Managing Director



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Su-Raj Diamonds and Jewellery Limited

We have examined the compliance of conditions of Corporate Governance by **SU-RAJ DIAMONDS AND JEWELLERY LIMITED**, for the year ended on 31st March, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of 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 as stipulated in the above mentioned Listing Agreement.

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

**For R.C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
(FRN : 108832W)**

**RAJNIKANT C. RESHAMWALA
PARTNER**

Mumbai, 11th May, 2010

MEMBERSHIP NO. 5502

AUDITORS REPORT TO THE MEMBERS OF SU-RAJ DIAMONDS AND JEWELLERY LIMITED

We have audited the attached Balance Sheet of **SU-RAJ DIAMONDS AND JEWELLERY LIMITED** as on 31st March, 2010 and also the annexed Profit and Loss Account and the Cash Flow statement of the Company 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. 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.
2. As required, by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters prescribed in Paragraphs 4 and 5 of the said order.
3. Further, to our comments, in the annexure referred to in paragraph 2 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of these books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report, comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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 in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;
- and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For R.C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
(FRN : 108832W)**

**RAJNIKANT C. RESHAMWALA
PARTNER**

Mumbai, 11th May, 2010

MEMBERSHIP NO. 5502

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ANNEXURES TO THE AUDITORS' REPORT

Referred to in para 2 of our auditors report of even date on the accounts for the year ended 31st March, 2010 of SU-RAJ DIAMONDS AND JEWELLERY LIMITED.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification which in our opinion is reasonable considering the size and nature of its business, and no material discrepancies have been noticed on such verification.
(c) Substantial part of fixed assets has not been disposed off during the year. As such the determination as to whether it has affected the going concern does not arise.
2. (a) The management, at regular intervals, has done physical verification of the inventory. In our opinion, the frequency of the verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) As per the information and explanations given to us and the records produced before us for our verification, the Company has not granted unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
(b) As the Company has not given any loans to parties mentioned in Para 3(a) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the Company being prima facie prejudicial to the interest of the Company does not arise.
(c) Similarly the question of repayment of principal amount and interest on such loans does not arise.
(d) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(e) As the Company has not taken any loans from parties mentioned in Para 3(d) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the Company being prima facie prejudicial to the interest of the Company does not arise.
(f) Similarly the question of repayment of principal amount and interest on such loans does not arise.
4. In our opinion and according to the explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regards to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) According to the information and explanations given to us and on the basis of the checks carried out by us, there are no contracts or arrangements referred to in Section 301 of the Act required to be entered in the register maintained under that section.
(b) As the company has not entered into any contracts or arrangements with the parties mentioned in Para 5(a) above, the question of determining whether the prices are reasonable having regards to prevailing market price does not arise.
6. The Company has not accepted deposits from the public. As such, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other provisions of the Act and rules framed thereunder does not arise.
7. In our opinion, the Company, which is a listed Company, has an adequate Internal Audit System commensurate with its size and nature of its business.
8. In the present case, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. As such, the question of reviewing the books of account to be maintained by the Company pursuant to such an order does not arise.
9. (a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance dues, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. No undisputed amounts are outstanding for more than six months at the end of the accounting year.
(b) According to the information and explanations given to us and the records of the Company as examined by us, there are no disputed dues of income-tax, sales-tax, VAT, service tax, customs duty, excise duty, wealth tax and cess, which have not been deposited.
10. The Company has no accumulated losses and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted on repayments of dues to banks and financial institutions. There are no debentures issued by the Company and as such the question of default in payment to debenture holders does not arise.
12. As informed to us, the Company has not granted any loans and advances on the basis of security by way of pledge of any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. The Company has only invested in shares of subsidiaries / group companies for which proper records have been maintained. The said investments are held by the Company in its own name.



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

15. As informed to us, the company has given guarantees for credit facilities taken by its overseas subsidiaries from banks. The terms and conditions of the guarantees are not prima-facie prejudicial to the interests of the Company.
16. On the basis of the review of the utilization of funds pertaining to term loans on overall basis and related information as made available to us by the Company, prima facie the term loans taken by the Company were applied for the purpose for which they had been raised.
17. According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow of the Company, prima facie no funds raised on short-term basis have been used for long-term investments.
18. The Company has not issued any Preferential Allotment of shares to companies covered 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
19. The Company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
20. During the year under review, apart from amounts received on calls in arrears, the Company has not raised any monies by way of public issues. Hence the question of verification of end use of monies raised in public issue as per the provision of clause 4(xx) of the Companies (Auditor's Report) Order 2003 does not arise.
21. On the basis of our examinations and according to the information and explanations given to us, no fraud/s on or by the company has been noticed or reported during the course of the audit.

**For R.C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
(FRN : 108832W)**

**RAJNIKANT C. RESHAMWALA
PARTNER
MEMBERSHIP NO. 5502**

Mumbai, 11th May, 2010

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BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules	Rupees	Current Year Rupees	Previous Year Rupees
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
a) Share Capital	1	617,067,930		437,063,625
b) Reserves and Surplus	2	7,537,245,426		6,361,385,965
			8,154,313,356	6,798,449,590
2. Loan Funds :				
Secured Loans	3		4,865,260,859	5,020,756,667
3. Deferred Tax Liability (Net)				
			56,598,306	35,816,114
TOTAL			13,076,172,521	11,855,022,371
II. APPLICATION OF FUNDS :				
1. Fixed Assets :				
a) Gross Block	4	1,028,577,306		1,018,640,797
Less : Depreciation		454,156,953		380,548,394
Net Block		574,420,353		638,092,403
b) Capital Work-in-Progress		4,058,704		292,215,198
			578,479,057	930,307,601
2. Investments				
	5		1,249,444,806	1,019,996,302
3. Current Assets, Loans and Advances :				
a) Inventories		4,251,894,901		3,074,874,863
b) Sundry Debtors		18,722,983,540		17,222,626,399
c) Cash and Bank Balances		1,862,867,440		826,741,401
d) Loans and Advances		433,966,535		277,550,185
		25,271,712,416		21,401,792,848
Less : Current Liabilities and Provisions :				
a) Current Liabilities	7	13,865,784,068		11,431,749,380
b) Provisions		157,679,690		65,325,000
		14,023,463,758		11,497,074,380
Net Current Assets			11,248,248,658	9,904,718,468
TOTAL			13,076,172,521	11,855,022,371

NOTES TO ACCOUNTS

12

As per our attached report of even date

For and on behalf of the Board

For **R. C. RESHAMWALA & CO.**

Chartered Accountants
(FRN 108832W)

Rajnikanth C. Reshamwala

Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedules	Rupees	Current Year Rupees	Previous Year Rupees
I. INCOME				
Sales		30,361,941,615		24,177,551,387
Surplus in Bullion Trading	8	4,600,655		—
Other Income	9	87,939,846		45,848,114
			30,454,482,116	24,223,399,501
II. EXPENDITURE				
Material Cost	10	29,089,944,825		23,114,045,264
Manufacturing and other expenses	11	255,652,091		344,368,369
			29,345,596,916	23,458,413,633
III. PROFIT				
Profit before Interest and Depreciation			1,108,885,200	764,985,868
Finance Charges (Net)		293,231,594		326,008,643
Depreciation		78,237,690		81,321,240
			371,469,284	407,329,883
Profit Before Tax			737,415,916	357,655,985
Provision for Tax				
a) Current		60,000,000		23,000,000
b) Fringe Benefit Tax		—		1,075,000
c) Deferred Tax		20,782,192		(864,558)
			80,782,192	23,210,442
Profit After Tax			656,633,724	334,445,543
Balance brought forward from Previous Year			1,233,706,583	961,744,111
			1,890,340,307	1,296,189,654
Add :				
Excess/(Short) Provision for Expenses/ Income of earlier years (Net)			(5,049,797)	(540,257)
Excess/(Short) Provision for Tax (Net)			389,789	(1,942,814)
Profit available for appropriation	TOTAL		1,885,680,299	1,293,706,583
IV. APPROPRIATIONS				
Proposed Dividend			61,844,258	—
Tax on Dividend			10,510,432	—
Transfer to General Reserve			30,000,000	30,000,000
Transfer to General Reserve-Foreign Exchange/ Metal Price Fluctuation			30,000,000	30,000,000
Balance carried to Balance Sheet			1,753,325,609	1,233,706,583
	TOTAL		1,885,680,299	1,293,706,583
Earnings per share (Basic & Diluted)			12.69	7.64
NOTES TO ACCOUNTS	12			

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**

Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala

Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh

Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised 70,000,000 Equity Shares of Rs. 10/- each (Previous Year : 70,000,000 Equity Shares of Rs. 10/- each)		700,000,000	700,000,000
Issued and Subscribed 61,844,258 Equity Shares of Rs. 10/- each (Previous Year : 43,844,258 Equity Shares of Rs. 10/- each)		618,442,580	438,442,580
Paid-up 61,844,258 Equity Shares of Rs. 10/- each (Previous Year : 43,844,258 Equity Shares of Rs. 10/- each) fully paid-up Less: Calls Unpaid - other than Directors		618,442,580 1,374,650	438,442,580 1,378,955
TOTAL		617,067,930	437,063,625
Note :			
1) Of the above paid-up Capital, Rs. 104,806,450 represents capitalisation of General Reserve by issue of 10,480,645 Equity Shares of Rs. 10 each fully paid up as Bonus Shares.			
2) Of the above paid-up capital Rs. 180,000,000 represents issue of 18,000,000 Equity Shares of Rs. 10 each fully paid-up issued during the year to FIs on Preferential basis.			
SCHEDULE 2 : RESERVES AND SURPLUS			
1) Capital Reserve As per last Balance Sheet		50,341,338	50,341,338
2) Share Premium Account Premium as per Terms of Issue as per last Balance Sheet Add : Premium received in respect of shares issued during the year	1,988,014,830 596,160,000		1,988,014,830 —
	2,584,174,830		1,988,014,830
Less : Allotment/Call Money in arrears as per last Balance Sheet Less : Received during the year	5,834,476 80,435		5,994,211 159,735
	5,754,041		5,834,476
3) General Reserve as per last Balance Sheet Add : Amount transferred from Profit and Loss Account	2,690,157,690 30,000,000	2,578,420,789	1,982,180,354 2,660,157,690 30,000,000
		2,720,157,690	2,690,157,690
4) General Reserve-Foreign Exchange/Metal Price Fluctuation As per last Balance Sheet Add : Amount transferred from Profit and Loss Account	405,000,000 30,000,000		375,000,000 30,000,000
		435,000,000	405,000,000
5) Surplus in Profit and Loss Account		1,753,325,609	1,233,706,583
TOTAL		7,537,245,426	6,361,385,965
SCHEDULE 3 : LOAN FUNDS			
SECURED LOANS			
1) Working Capital Credit Facilities from Consortium of Banks (including Ad-hoc limits) Export Packing Credits & Post Shipment Advances The Company has Non Fund Based Credit Facilities of Rs.2013 Crores (Previous Year : Rs.1487 Crores)		3,042,179,619	3,066,312,298
2) Short Term Funded Credit Facilities from Banks upon Interchangeability from Non Fund Based Credit limits and part of (1) above. The above Credit Facilities are secured by Hypothecation of Stock-in-Trade and Book Debts (both present and future) of the Company and of Movable Plant & Machinery, Fixtures & Fittings (fastened to the earth or otherwise) of the Company and of Forever Diamonds Private Limited and further collaterally secured by (a) Mortgage by way of Deposit of Title Deeds of Immovable Properties comprising of Land (or Leasehold rights in respect thereof) and other Structures thereon of the Company situated at its units at Bangalore, Goa, Jodhpur, Kolkata, Mumbai and Surat and of Bombay Diamonds Company Private Limited, Forever Diamonds Private Limited & Kohinoor Diamonds Private Limited at their units situated respectively at Valsad, Jodhpur and Surat (b) the Corporate Guarantee by Bombay Diamonds Company Private Limited, Forever Diamonds Private Limited & Kohinoor Diamonds Private Limited and (c) Personal Guarantee of a Director and by Term Deposits held as Cash Margin for Non Fund Based limits.		1,766,799,661	1,890,127,101
3) Buyers' Credit Facilities from Banks (Secured by Letters of undertaking issued by Banks in India) Less : Term Deposits with Banks (Rs.479.52 Crores as at 31.03.2010 & Rs.278.74 Crores as at 31.03.2009)	4,223,998,597 4,223,998,597		2,031,581,869 2,031,581,869
Pledged for securing obligations in respect of Buyers' Credit Facilities		—	—
4) Term Loans from Banks/Financial Institutions Term Loan from Financial Institution is secured by Hypothecation of Vehicle acquired therefrom. Term Loan from Bank is secured by Hypothecation of Wind Mill and is being further collaterally secured by Mortgage of Leasehold rights in respect of Property in Gujarat where Wind Mill is erected. (Loan repayable in next 12 months - Rs.15,837,600 Previous Year : Rs.7,918,800)		56,281,579	64,317,268
TOTAL		4,865,260,859	5,020,756,667



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

SCHEDULE 4 : FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01/04/2009	Addition During The Year	Sales During The Year	As At 31/03/2010	As At 01/04/2009	Sales During The Year	For the Year	Upto 31/03/2010	As At 31/03/2010	As At 31/03/2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Leasehold Land	7,232,169	-	-	7,232,169	324,189	-	33,429	357,618	6,874,551	6,907,980
Factory Premises	159,394,768	-	-	159,394,768	56,091,285	-	10,208,277	66,299,562	93,095,206	103,303,483
Office Premises	165,693,556	-	-	165,693,556	30,780,685	-	6,745,644	37,526,329	128,167,227	134,912,871
Plant & Machinery	408,469,146	2,629,254	4,493,786	406,604,614	202,309,424	3,343,777	27,586,764	226,552,411	180,052,203	206,159,722
Furniture & Fixture	46,171,729	7,313	195,736	45,983,306	19,444,261	48,067	4,809,309	24,205,503	21,777,803	26,727,468
Electrical Installation	50,514,267	-	-	50,514,267	21,391,448	-	4,028,076	25,419,524	25,094,743	29,122,819
Equipments	26,035,999	96,153	233,639	25,898,513	9,179,292	48,347	2,328,776	11,459,721	14,438,792	16,856,707
Air-Conditioners	18,609,682	171,444	82,500	18,698,626	7,458,600	14,939	1,549,308	8,992,969	9,705,657	11,151,082
Computers	27,574,974	3,262,231	132,310	30,704,895	19,140,977	62,516	3,882,801	22,961,262	7,743,633	8,433,997
Vehicles	8,480,763	-	1,490,039	6,990,724	5,030,589	1,111,485	875,156	4,794,260	2,196,464	3,450,174
Moulds & Dies	7,880,607	10,398,124	-	18,278,731	2,242,819	-	3,093,990	5,336,809	12,941,922	5,637,788
Wind Mill	92,583,137	-	-	92,583,137	7,154,825	-	13,096,160	20,250,985	72,332,152	85,428,312
	1,018,640,797	16,564,519	6,628,010	1,028,577,306	380,548,394	4,629,131	78,237,690	454,156,953	574,420,353	638,092,403
Previous Year	860,405,799	159,667,808	1,432,810	1,018,640,797	300,165,256	938,102	81,321,240	380,548,394	638,092,403	560,240,543

NOTE :

- 1) Depreciation provided for the year includes Rs. NIL (Previous Year : 29,99,095) being Impairment of Assets of Engineering Division at Jodhpur.
- 2) The above shedule of assets do not reflect assets sold out of CWIP which have not been capitalised and not forming a part of the above Block of assets.
- 3) The value of the capital work in progress capitalised during the year is as under :

Particulars	Current Year Rupees	Previous Year Rupees
Factory Premises	—	17,950,180
Plant & Machinery	—	114,000
Electrical Installation	—	8,220,923
Furniture & Fixture	—	408,249
Equipment	—	477,159
Moulds and Dies	—	352,437
	—	<u>27,522,948</u>

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 5 : INVESTMENTS :			
UNQUOTED (AT COST) :			
Long Term			
In Government Securities			
2 (Previous Year : 2) Indira Vikas Patra of Rs. 500 each National Savings Certificates	1,000 5,000		1,000 5,000
		6,000	6,000
In Shares (Trade Investments)			
Subsidiary Company			
30,088 (Previous Year : 30,088) Equity Shares of EURO 248 each of Su-Raj Diamonds N.V., fully paid-up	378,530,800		378,530,800
30 (Previous Year : 30) Equity Shares of US \$ 100,000 each of Su-Raj Diamonds and Jewelry USA Inc., fully paid-up	134,105,250		134,105,250
7,300 (Previous Year : 200) Equity Shares of AED 1000 each of Su-Raj Diamonds and Jewellery DMCC, fully paid-up	96,721,065		2,525,935
23,400,000 (Previous Year : 23,400,000) Equity Shares of 1 HK \$ each of Su-Raj Diamond (H.K.) Limited, fully paid-up	119,985,000		119,985,000
		729,342,115	635,146,985

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 5 : INVESTMENTS : (Contd.)			
UNQUOTED (AT COST) :			
Others			
2,000,000 (Previous Year : 2,000,000) Equity Shares of Rs.10 each of Su-Raj Diamond Dealers Limited, fully paid-up	20,000,000		20,000,000
16,350,000 (Previous Year : 11,650,000) Equity Shares of Rs. 10 each of Forever Precious Jewellery & Diamonds Limited, fully paid-up	469,210,802		332,570,042
— (Previous Year : 2,444) Equity Shares of Thai Baht 400 each of SJR Jewelry Co. Limited, fully paid-up	—		1,389,900
2,434,700 (Previous Year : 2,434,700) Equity Shares of Rs.10 each of Revah Corporation Limited, fully paid-up	24,347,000		24,347,000
17,500 (Previous year : 17,500) Equity Shares of Rs.100 each of Peacock Jewellery Limited, fully paid-up	5,012,750		5,012,750
576,250 (Previous year : 576,250) Equity Shares of Rs.10 each of Carbon Accessories Limited, fully paid-up	1,444,299		1,444,299
		520,014,851	384,763,991
In Mutual Fund (Quoted)			
8,183.03 (Previous year : 7,931.57) Units of Rs.10 each of Principle Mutual Fund of Punjab National Bank (Market value as on 31st March, 2010 Rs.81,848); (Previous Year Rs.79,333)		81,840	79,326
		1,249,444,806	1,019,996,302
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES			
A. Current Assets			
Inventories			
(As certified by a Director)			
I. Stores and Spare Parts (At Cost)		8,116,552	9,483,323
II. Stock-in-Trade			
(i) Raw Materials			
(Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds	464,795,878		895,171,727
Gold and Alloy	2,610,106,990		1,195,546,041
Precious, Semi-precious and Other Stones	14,210,915		15,248,918
Others	2,569,098		5,563,740
	3,091,682,881		2,111,530,426
(ii) Finished Goods			
(Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds, Plain and Studded Jewellery	1,152,095,468		953,861,114
		4,243,778,349	3,065,391,540
		4,251,894,901	3,074,874,863
B. Sundry Debtors			
(Unsecured, considered good)			
Debts outstanding for a period exceeding six months	2,182,478,685		4,651,694,960
Other Debts	16,540,504,855		12,570,931,439
		18,722,983,540	17,222,626,399



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)			
C. Cash and Bank Balances			
Cash on hand	1,146,177		1,226,719
Balance with Scheduled Banks :			
In Current Account (including cheques on hand Rs.43,774 ; Previous Year Rs.NIL)	166,035,380		69,682,278
In Fixed Deposit Accounts :			
Fixed Deposits with Banks	5,919,684,480		2,787,414,273
Less : Pledged with Bank against Buyers Credit Facilities availed for payment of Buyers Credit Facilities	4,223,998,597		2,031,581,869
	<u>1,695,685,883</u>		<u>755,832,404</u>
		<u>1,862,867,440</u>	<u>826,741,401</u>
TOTAL 'B'		<u>20,585,850,980</u>	<u>18,049,367,800</u>
D. Loans and Advances			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	352,886,714		195,919,956
Advance payment of Income-tax	81,079,821		81,630,229
		<u>433,966,535</u>	<u>277,550,185</u>
TOTAL 'C'		<u>433,966,535</u>	<u>277,550,185</u>
TOTAL 'A' + 'B' + 'C'		<u>25,271,712,416</u>	<u>21,401,792,848</u>
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
a) Sundry Creditors	13,849,153,911		11,414,438,538
b) Due to Directors	250,000		—
c) Bank Overdraft	1,194,907		4,813,940
d) Unclaimed Dividend	10,303,799		10,484,069
e) Other Liabilities	4,881,451		2,012,833
		<u>13,865,784,068</u>	<u>11,431,749,380</u>
B. Provisions			
a) Taxation	85,325,000		65,325,000
b) Proposed Dividend	61,844,258		—
c) Tax on Dividend	10,510,432		—
		<u>157,679,690</u>	<u>65,325,000</u>
TOTAL		<u>14,023,463,758</u>	<u>11,497,074,380</u>
SCHEDULE 8 : SURPLUS IN BULLION TRADING			
Sale of Bullion	593,980,351		—
Less: <u>Material Cost</u>			
Opening Stock	—		—
Add: Purchases of Bullion	775,061,394		—
	<u>775,061,394</u>		<u>—</u>
Less: Closing Stock of Bullion	185,681,698		—
	<u>589,379,696</u>		<u>—</u>
Surplus in Bullion Trading		<u>4,600,655</u>	<u>—</u>
		<u>4,600,655</u>	<u>—</u>
SCHEDULE 9 : OTHER INCOME			
Interest Received		2,265,608	7,649,094
(Tax deducted at source Rs.129,824; Previous Year Rs.1,569,382)			
Labour Charges Received		61,386,847	34,463,284
(Tax deducted at source Rs.1,299,270; Previous Year Rs.783,916)			
Profit on Sale of Assets (Net)		12,737,560	59,481
Dividend Received		1,141,688	883,881
Rent Received		504,000	632,000
Miscellaneous Receipts		9,904,143	2,160,374
		<u>87,939,846</u>	<u>45,848,114</u>
TOTAL		<u>87,939,846</u>	<u>45,848,114</u>

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 10 : MATERIAL COST			
Raw Materials Consumed			
Opening Stock	2,111,530,428		1,005,354,462
Add : Purchases	29,975,768,820		24,324,569,816
	<u>32,087,299,248</u>		<u>25,329,924,278</u>
Less : Closing Stock	2,906,001,182		2,111,530,428
		29,181,298,066	<u>23,218,393,850</u>
Goods Traded in			
Opening Stock	—		—
Add : Purchases	106,860,000		—
	<u>106,860,000</u>		<u>—</u>
Less : Closing Stock	—		—
		106,860,000	<u>—</u>
(Increase)/ Decrease in Finished Goods			
Opening Stock of Finished Goods	953,861,114		849,392,764
Add : Purchases	21,113		119,764
	<u>953,882,227</u>		<u>849,512,528</u>
Closing Stock of Finished Goods	1,152,095,468		953,861,114
(Accretion)/Decretion in stock		(198,213,241)	<u>(104,348,586)</u>
TOTAL		29,089,944,825	<u>23,114,045,264</u>
SCHEDULE 11 : MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages and Bonus	31,928,256		41,343,059
Contribution to Provident and other Funds	1,852,403		2,859,502
Workmen and Staff Welfare Expenses	1,604,726		1,876,260
		35,385,385	<u>46,078,821</u>
Directors' Remuneration		3,870,000	3,840,000
Labour Charges		96,116,411	170,158,867
Assortment and Valuation Charges		3,492,124	2,521,281
Packing Materials Consumed		173,264	223,594
Stores and Spare Parts Consumed		11,147,853	19,164,593
Electricity Charges		9,941,437	14,591,681
Freight and Forwarding		8,863,454	8,328,651
Postage, Telephone, Telex and Fax Charges		2,934,109	3,829,952
Advertisement and Sales Promotion Expenses		1,924,383	1,686,799
Rent, Rates, Taxes and Duties (Including Rs.939,036; Previous Year Rs. 907,341 towards Stamp Duty)		5,916,617	8,030,290
Travelling Expenses		5,958,014	8,711,935
Printing and Stationery		1,388,447	2,452,481
Licence, Registration and Other Fees		909,634	879,217
Repairs and Maintenance of :			
Buildings	599,089		1,021,160
Plant and Machinery	2,523,745		2,913,475
Others	4,667,162		3,162,546
		7,789,996	<u>7,097,181</u>
Insurance Charges (Including Rs.19,340,747; Previous Year Rs. 5,706,064 for ECGC Premium reimbursed to banks)		21,894,858	9,784,884
Legal and Professional Charges		16,947,052	19,599,092
Miscellaneous Expenses		9,304,653	14,422,575
Donations		11,694,400	2,966,475
TOTAL		255,652,091	<u>344,368,369</u>



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 12 :

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

A. Significant Accounting Policies :

1. Basis of Accounting and Preparation of Financial Statements:

- All income and expenditure items are accounted on accrual basis.
- Financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

2. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

3. Fixed Assets :

- All fixed assets are valued at cost less depreciation.
- Exchange differences relating to the acquisition of fixed assets are taken to the Profit and Loss account.

4. Depreciation :

- Depreciation is provided as per the "Written Down Value" method at rates provided by Schedule XIV to the Companies Act, 1956. Leasehold Land is amortised over the period of lease.
- Depreciation on additions and on sale/disposal of fixed assets is computed pro-rata on day-to-day basis from the date of purchase and up to the date of sale.
- Depreciation on new unit is taken from the date of commissioning of the unit.
- Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year. However for units shut down, no depreciation is charged.

5. Work in Progress :

- The cost of fixed assets, acquisition/construction, installations of which are not completed are included under capital work-in-progress and the same are apportioned/transferred to respective fixed assets on installation/completion of the asset/project.
- Expenses incurred to set up business premises/factory premises forming part of capital work-in-progress are capitalized under the head Factory Premises.
- Similarly, goods which are under production and cannot be termed as finished goods are treated as work in progress.

6. Investments :

- Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made if such diminution is considered other than temporary in nature.
- Application monies for investment in shares are classified as an advance till the allotment of shares is completed.

7. Inventories :

The Company has complied with AS-2 "Valuation of Inventories" issued by the Institute of Chartered Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry.

- Raw Materials (Rough Diamonds, Precious Stones, Gold, Silver, Alloys, Platinum, Pearls) are valued "At Cost" (i.e. cost of acquisition as on that date) or "Net Realisable Value", whichever is lower.

- Closing stock of other Raw Materials is valued "At Cost" or "Net Realisable Value" whichever is lower (Cost means average cost with the proportionate value of freight and clearing charges added to closing stock).

- Stock on hand as on the last date which is under processing and not yet converted to finished goods is considered to be a part of stock of raw materials and hence is valued as raw materials as in (a) above.

- Finished Goods of Polished Diamonds are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials on weighted average cost basis, labour cost and proportionately allocated other costs related to converting them into finished goods which are technically evaluated keeping in view the wide variety and grades of diamonds.

- Finished Goods of Jewellery are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials, labour cost and proportionately allocated other costs related to converting them into finished goods.

- Goods procured for trading (Studded and Plain Jewellery and Diamonds) are valued "At Cost" or "Net Realisable Value", whichever is lower.

- Stores and Spares are valued "At Cost".

8. Foreign Exchange Transactions :

- Transactions in foreign currency are accounted at the exchange rate/average rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date in respect of revenue transactions are recognized in Profit and Loss Account.

- All export proceeds/import payables not realised at the year-end are restated at the rate prevailing at the year end. The exchange difference arising there from has been recognised as income/expenses in the current year's Profit and Loss Account alongwith underlying transaction.

- Monetary Assets and Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined are recognized in the Profit and Loss Account for the year.

- As per the Provisions of the AS - 11 of the Institute of Chartered Accountants of India, the profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognised as income/expenses in the Profit and Loss Account for the year along with the underlying transactions.

- Option contract open at the year end are recognized at year end rate and the Mark to Market difference taken to revenue account along with the underlying transactions.

- Premium or discount at the inception of forward exchange contract is amortized as expenses or income over the life of contract.

9. Preliminary Expenses :

Preliminary Expenses are treated as Deferred Revenue Expenditure and the same are written off in ten equal installments.

10. Employees Retirement Benefits :

- Defined Contribution Plans:

The Company has Defined Contribution Plan for post employment benefit in the form of provident fund for eligible employees which is administered by Regional Provident Fund Commissioner. Provident fund is classified as Defined Contribution Plan as the Company has no further obligation

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beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as and when incurred.

(b) **Defined Benefit Plans :**

The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity for eligible employees which are administered through a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The liability for the above Defined Benefit Plan is provided on the basis of an actuarial valuation as carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

(c) Termination benefits are recognized as an expense as and when incurred.

(d) The Company has made provision for leave encashment dues as on the last date of the year.

11. Taxation :

(a) Provisions for taxation is made after considering various relief's admissible under the provisions of the Income Tax Act.

(b) Disputed amounts of tax are considered in contingent liabilities.

(c) The Company has implemented 'Accounting Standard 22'- 'Accounting of Taxes on Income', issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

12. Borrowing Cost :

Borrowing Costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

13. Impairment of Fixed Assets :

Considering AS 28 - Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any Assets that require a provision for impairment loss. Impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired when the carrying rate of the asset exceeds its recoverable value. The impairment loss booked in prior accounting period is reversed if there is an upward change in the estimate of recoverable account.

14. Provisions, Contingent Assets and Contingent Liabilities :

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed in the notes to the accounts.

B. Notes forming part of the accounts :

1. Contingent Liabilities not provided for in respect of :

	Rupees	Rupees
(a) Disputed Income Tax Liability	NIL	(NIL)
(b) Estimated amounts of contracts remaining to be executed on Capital Account	835,770	(67,500)
(c) EPCG Benefits (Customs Duties payable if export obligations not met)	21,565,200	(23,865,150)
(d) Guarantees given to the banks for foreign subsidiaries	540,000,000	(600,000,000)
Total	724,400,970	(623,932,650)

2. In the opinion of the Directors :

(a) The Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

(b) The provision for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

3. Legal and Professional charges include payment to Statutory Auditors:

	Rupees	Rupees
(a) Audit Fees	800,000	(500,000)
(b) Tax Audit Fees	70,000	(70,000)
(c) As advisor or in any other capacity in respect of certification charges	219,500	(183,000)
(d) Reimbursement of expenses & Service Tax	192,065	(133,343)
Total	1,281,565	(886,343)

4. The Financial charges include bank charges of Rs.181,193,010 (Rs.192,188,103) bank interest paid Rs.429,808,969 (Rs. 514,085,652) and bank interest received on fixed deposits Rs.317,770,385 (Rs. 380,265,111).

5. Letters have been addressed to Sundry Debtors and Sundry Creditors for confirmation. Confirmations have been received from some of the parties.

6. The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company.

a) **Defined Contribution Plan :**

The Company has recognized Rs.1,852,403 (Rs. 2,305,873) towards contribution made to Employees Provident & Family Pension Fund.

b) **Defined Benefit Plan :**

(1) **Assumption**

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Discount Rate	8%	8%
(b)	Salary Escalation	4%	4%

(2) **Change in the Present Value of Obligation**

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Present Value of Obligation as at beginning of year	1,650,179	144,049
(b)	Interest Cost	132,014	115,524
(c)	Past Service Cost	Nil	Nil
(d)	Current Service Cost	388,058	454,131
(e)	Curtailement Cost/(Credit)	Nil	Nil
(f)	Settlement Cost/(Credit)	Nil	Nil
(g)	Benefits Paid	Nil	588,173
(h)	Actuarial Gain/(Loss) on obligation	(402,375)	224,648
(i)	Present Value of Obligation as at March 31, 2010	1,767,876	1,650,179

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(3) Change in the Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Fair Value of Plan Assets as at April 1, 2009	626,609	1,122,215
(b)	Expected Return on Plan Assets	112,900	92,567
(c)	Employer's Contributions	1,483,011	Nil
(d)	Benefits Paid	Nil	588,173
(e)	Actuarial Gain/(Loss) on Plan Assets	NIL	NIL
(f)	Fair Value of Plan Assets as at March 31, 2010	2,222,520	626,609

(4) Table showing Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Fair value of Plan Assets at beginning of year	626,609	1,122,215
(b)	Actual Return On Plan Assets	112,900	92,567
(c)	Contributions	1,483,011	Nil
(d)	Benefits Paid	Nil	588,173
(e)	Fair Value of Plan Assets at the year end	2,222,520	626,609
(f)	Funded Status	454,644	(1,023,570)

(5) Actuarial Gain/Loss recognized

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Actuarial Gain/(Loss) for the year-obligation	402,375	(224,648)
(b)	Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
(c)	Total (Gain)/Loss for the year	(402,375)	224,648
(d)	Actuarial (Gain)/Loss recognized in the year	(402,375)	224,648

(6) The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Present Value of Obligations as at the end of year	1,767,876	1,650,179
(b)	Fair Value of Plan Assets as at the end of the year	2,222,520	626,609
(c)	Funded Status	454,644	(1,023,570)
(d)	Net Assets/(Liability) recognized in Balance Sheet	(454,644)	1,023,570

(7) Expenses recognized in Statement of Profit and Loss :

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Current Service Cost	388,058	454,131
(b)	Interest Cost	132,014	115,524
(c)	Expected Return on Plan Assets	(112,900)	92,567
(d)	Net Actuarial (Gain)/Loss recognized in the year	(402,375)	224,648
(e)	Expenses recognized in Statement of Profit & Loss	4,797	701,736

Note : The estimate of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors.

- The Company has taken gold on loan from various banks. The said gold has been processed and sales of jewellery made. The value of purchase and sale is taken on the basis of the provisional sale certificate of the bank. The final value of purchase and sale is recorded on the date of repayment of the loan or on final price confirmation of gold loan on the basis of forward contract booked with the difference of sale and purchase amount being recorded to respective accounts. The closing stock of Raw Materials-Gold includes Gold valued at Rs.1,543,510,417 (Rs.612,060,095) taken on loan from Banks under the EXIM-Gold Loan Scheme.
- During the year a net gain on account of Foreign Exchange Fluctuation/Derivative Transactions amounting to Rs. 84,156,110 (Rs.92,215,178) has been recognized in the Profit and Loss Account along with underlying transactions.
- During the year, the Company has adjusted the dividends payable against the amounts due from shareholders who have not paid their call monies in respect of shares subscribed by them. The amount of dividend adjusted against the Share Premium Account is Rs.Nil (Rs.558,050).
- There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection Fund. The Company has transferred, unclaimed dividend in respect of financial year 2001-02 amounting to Rs.10,20,294 to Investor Education and Protection Fund during the year.
- During the year under review the Company has entered into transactions in relation to derivative instruments. The following is the list of transactions outstanding on the Balance Sheet date as disclosed by the company (As certified by the management):
 - Transactions for forward contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to 55 (81) amounting to Rs.238.02 crores (Rs.951.27 crores).
 - Transactions for option contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to Nil (Nil) amounting to Rs.Nil (Rs.Nil).
 - The reclassification of values on the year end and marking them to market has been recognized on the above transaction. The loss on the same amounts to Rs.Nil (Rs.Nil).
- During the year under review the Company has entered into Commodity Trading in Futures for precious metals to hedge the risks of price fluctuations in precious metal (raw materials).The initial margin on such derivative transactions has been paid in cash. Any gain/loss on such transactions made during the year has been charged to Profit and Loss Account along with the underlying transaction. The values of transaction numbering to Nil (1) amounting to Rs.Nil (Rs.25,705,700) are open as at balance sheet date.
- The Engineering Division at Jodhpur which had closed its operation, during the year incurred a loss of Rs. 0.06 lacs (Rs.29.90 lacs) including impairment of certain Fixed Assets of Rs. Nil (Rs.29.99 lacs of Fixed Assets). The carrying value of the total assets to be disposed off at Jodhpur is Rs.100.64 lacs (Rs.100.90 lacs) as at the Balance Sheet date.

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14. As per the provisions of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India, the details of the Primary and Secondary Segment are given below :

SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2010

(i) Information about Primary Business Segment : (Rs. in Lacs)

	Diamond	Jewellery	Un-allocated	Total
REVENUE				
Sales	71,315 (67,556)	232,306 (174,220)	923 (459)	304,544 (242,235)
RESULT				
Segment Result	2,090 (1,703)	8,044 (5,134)	173 (Nil)	10,307 (6,837)
Bank interest/charges			2,933 (3,260)	2,933 (3,260)
Profit before Tax				7,374 (3,577)
Provision for Tax Current				600 (230)
Fringe Benefit Tax				0 (11)
Deferred				(208) (9)
Profit after Tax				6,566 (3,345)
OTHER INFORMATION				
Segment Assets	57,638 (76,193)	177,896 (136,085)	35,463 (21,242)	270,997 (233,520)
Segment Liabilities	6,118 (19,339)	134,117 (95,631)		140,235 (114,970)
Share Capital & Reserves				81,543 (67,984)
Deferred Taxation				566 (358)
Non-cash expenses Other than depreciation				Nil (Nil)

(ii) Information about Secondary Business Segment :

Statement of continent wise sale :	(Rs. In Lacs)
North America	54,250 (17,066)
Europe	52,323 (20,895)
Middle East	175,843 (169,885)
Asia	21,203 (33,930)
Total	303,619 (241,776)



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15. As per provisions of Accounting Standard 18 - "Related Party Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transactions based on disclosure certificate issued by the Directors, is as follows :

List of Related Parties :

Subsidiaries

Associates

Key Management Personnel

Enterprise in which key management personnel and their relatives have significant influence

Relative of key management personnel

Particulars

Su-Raj Diamonds N.V., Su-Raj Diamonds & Jewelry USA Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (H.K.) Limited
Forever Precious Jewellery & Diamonds Limited, Su-Raj Diamond Dealers Limited, SJR Jewelry Co. Limited, Revah Corporation Limited

Jatin R. Mehta

J. R. Diamonds Private Limited, SJR Commodities & Consultancies Private Limited, Diadem Investment and Finance Private Limited, Bombay Diamonds Company Private Limited, Firstrate Diamonds Private Limited, Forever Diamonds Private Limited, Euro Auto Private Limited, Kohinoor Diamonds Private Limited

Sonia J. Mehta, Jatin R. Mehta (HUF)

A. Transactions for the year ended 31.03.2010

	Subsidiaries	Associates	Enterprise in which Key Management Personnel and their Relatives have significant influence	Key Management Personnel and their Relatives	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1. Purchases	4,289,219 (375,523,189)	3,709,626 (Nil)	655,414,427 (52,970,078)	Nil (Nil)	663,413,272 (428,493,267)
2. Sales	784,965,880 (460,308,849)	190,733,676 (27,621,846)	132,775,349 (Nil)	Nil (Nil)	1,108,474,905 (487,930,695)
3. Sales of Fixed Assets	Nil (Nil)	530,357 (Nil)	305,000,000 (Nil)	929,701 (Nil)	306,460,058 (Nil)
4. Labour charges paid	Nil (Nil)	132,242 (Nil)	2,520,700 (23,029,355)	Nil (Nil)	2,652,942 (23,029,355)
5. Labour Charges received	Nil (Nil)	2,832,088 (159,919)	17,149,661 (1,264,298)	Nil (Nil)	19,981,749 (1,424,217)
6. Loan Given	Nil (Nil)	161,175,000 (Nil)	139,664,477 (Nil)	Nil (Nil)	300,839,477 (Nil)
7. Loan Received back	Nil (Nil)	161,175,000 (Nil)	Nil (Nil)	Nil (Nil)	161,175,000 (Nil)
8. Interest Received	Nil (Nil)	1,298,243 (479,609)	Nil (Nil)	Nil (Nil)	1,298,243 (479,609)
9. Divided Received	Nil (Nil)	986,865 (Nil)	Nil (Nil)	Nil (Nil)	986,865 (Nil)
10. Advance Received	Nil (94,761,623)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (94,761,623)
11. Guarantee Given	540,000,000 (600,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	540,000,000 (600,000,000)
12. Purchase of Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (294,044)	Nil (294,044)
13. Equity Contribution	94,195,130 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	94,195,130 (Nil)
14. Remuneration	Nil (Nil)	Nil (Nil)	Nil (Nil)	3,600,000 (3,600,000)	3,600,000 (3,600,000)

B. Outstanding as on 31.03.2010

1. Debtors	471,161,856 (278,192,779)	96,492,780 (1,759,024)	3,755,868 (19,632,302)	Nil (Nil)	571,410,504 (299,584,105)
2. Creditors	2,923,934 (420,124,384)	9,821,731 (6,969,366)	200,303,563 (27,800,818)	Nil (Nil)	213,049,228 (454,894,568)

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16. The Company has various operating leases for factory premises and office facilities that are renewable on a periodic basis and can be terminated at the option of either party. Rental expenses for operational leases recognized in the Profit and Loss Account for the year are Rs.3,330,773 (Rs.3,940,114) :

Minimum future lease rentals payable are :

	<u>Rupees</u>	<u>Rupees</u>
(a) Payable within one year	2,868,207	(2,722,673)
(b) Payable within one year and five years	8,604,621	(7,095,019)
(c) Payable after five years	Nil	Nil

Minimum future lease rentals receivable in respect of assets given on operating lease in the form of Plant & Machinery after 1/10/2002 and Building after 1/08/2001 are :

	<u>Rupees</u>	<u>Rupees</u>
(a) Receivable within one year	660,000	(446,000)
(b) Receivable between one year and five years	1,320,000	(Nil)
(c) Receivable after five years	Nil	(Nil)

17. Earnings per share :

Profit computation for both Basic and Diluted earnings per share of Rs.10 each

	<u>Rupees</u>	<u>Rupees</u>
Net Profit as per Profit and Loss Account available to shareholders	656,633,724	(334,445,543)
Weighted average number of Equity Shares	51,764,135	(43,775,310)
43,706,362 Equity Shares fully paid of Rs.10 each	43,706,362	
137,465 Equity Shares partly paid	68,732	
(137,896) up of Rs. 5 each = Rs.687,325 (Rs.689,480)	(68,948)	
Hence fully paid up Equity Shares of Rs.10 each		
18,000,000 Equity Shares of Rs.10 each Issued on 21 st October, 2009		
(—) (i.e. for 162 days)	7,989,041	
Total No. of Equity Shares	51,764,135	
Earnings per Share (Basic and Diluted)	12.69	(7.64)

18. The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

As a result the Deferred Tax Liability for the year aggregating to Rs.20,782,192 (Assets of Rs. 864,558) has been recognized in the Profit and Loss Account, the details of which are as under.

Particulars	Balance carried as at 31.3.2009 (Rs.)	Arising during the year (Rs.)	Balance carried as at 31.3.2010 (Rs.)
Deferred Tax Asset (Depreciation)	—	—	—
Deferred Tax Liabilities (Depreciation)	(35,816,114)	(20,782,192)	(56,598,306)
Net (Liabilities)	(35,816,114)	(20,782,192)	(56,598,306)

19. The Company has taken into consideration the Provisions of Accounting Standard 28 – Impairment of Assets. The Company does not have any assets, which would require impairment and provisions.

20. Payment to Directors :

	<u>Rupees</u>	<u>Rupees</u>
Salaries	3,600,000	(3,600,000)
Meeting Fees	270,000	(240,000)
Total	3,870,000	(3,840,000)



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21. Computation of Net Profit as per section 349 read with section 309(5) and section 198 of the Companies Act, 1956 for calculation of the remuneration of Managing Director and Whole Time Director.

	Rupees	Rupees
Profit before tax as per Profit and Loss Account	737,415,916	(357,655,985)
Add: Managerial Remuneration	3,600,000	(3,600,000)
Loss on sale of fixed assets	—	(15,751)
Less: Profit on sale of fixed assets	12,737,560	(75,232)
Profit for Director's Commission	728,278,356	(361,196,504)
Calculation of Commission @ 1% of the net profit	7,282,783	(3,611,965)
As per schedule XIII to the Companies Act, 1956		
Restricted to	N.A.	(N.A.)

22. Additional information required under Para 4-D of Part-II of Schedule VI to the Companies Act, 1956 as certified by a Director is as follows

	Rupees	Rupees
a) Value of Imports on CIF basis		
Raw Materials	28,956,620,614	19,300,966,952
Stores and Spares	1,303,172	8,771,991
Capital Goods	9,117,646	9,117,646
	<u>28,957,923,786</u>	<u>19,318,856,589</u>
b) Expenditure in foreign currency on account of		
Travelling Expenses	147,991	87,665
Advertisement	31,393	Nil
	<u>179,384</u>	<u>87,665</u>
c) i) Break-up of the value of Raw Materials Consumed :	Rupees	Percentage
Imported	25,863,647,759	89
	(19,341,434,596)	(84)
Indigenous	3,317,650,306	11
	(3,876,959,254)	(16)
	<u>29,181,298,065</u>	<u>100</u>
	<u>(23,218,393,850)</u>	<u>(100)</u>
ii) Break-up of Stores and Spares Consumed :		
Imported	2,635,626	24
	(10,426,434)	(54)
Indigenous	8,512,227	76
	(8,738,159)	(46)
	<u>11,147,853</u>	<u>100</u>
	<u>(19,164,593)</u>	<u>(100)</u>
d) Remittance of dividend in foreign currency :		
No. of Non-Resident Shareholders	N.A.	255
No. of shares held by them	N.A.	174,457
Dividend Year	2008-2009	2007-2008
Dividend Amount	N.A.	Rs.348,914
e) Earning in Foreign Exchange :	Rupees	Rupees
i) Export of Goods on F.O.B. basis	30,303,561,026	(23,799,664,097)
ii) Recovery of Freight and Insurance	6,977,808	(6,841,703)
	<u>30,310,538,834</u>	<u>(23,806,505,800)</u>

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23. Additional information pursuant to the provisions of Paragraph 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 (as certified by a Director and accepted by Auditors) :

(a) Licensed and Installed capacity and Production Information in respect of goods manufactured (i.e., fully processed polished diamonds, plain and studded jewellery)

	<u>Diamond Division</u>	<u>Jewellery Division</u>
i) Licensed Capacity :	N.A.	N.A.
ii) Installed Capacity :	N.A.	N.A.
iii) Actual Production :	823,806.83 cts. (976,850.61 cts.)	14,510,842.96 gms. (11,550,268.86 gms.)

(b) Manufactured Goods :

DESCRIPTION	Unit	OPENING STOCK		SALES		CLOSING STOCK	
		Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees
FINISHED GOODS							
Fully Processed							
Polished Diamonds	Cts.	66,344.72 (57,903.16)	936,265,656 (793,128,909)	638,012.35 (968,409.04)	7,082,882,680 (9,560,949,765)	63,170.12 (66,344.73)	709,582,528 (936,265,656)
Gold, Silver and Platinum Jewellery							
Plain and Studded with Diamond and							
Other Stones	Gms.	13,609.15 (72,447.19)	17,595,458 (56,263,855)	14,246,137.75 (11,609,213.37)	23,105,689,422 (14,579,495,801)	303,088.29 (13,609.15)	442,512,940 (17,595,458)
Grand Total			953,861,114 (849,392,764)		30,188,572,102 (24,140,445,566)		1,152,095,468 (953,861,114)

(c) Raw Material Consumed :

I	DIAMOND DIVISION :	Unit	Quantity	Value (Rupees)
	Rough Diamonds/Semi Processed Diamonds (Including Rejection Diamonds)	Cts.	503,499.00 (94,153.00)	5,230,814,466 (1,104,113,903)
	Polished Diamonds	Cts.	169,588 (949,848)	1,755,761,884 (6,554,607,984)
	Precious, Semi-Precious and Other Stones	Pcs.	1,664,631 (1,151,713)	6,263,314 (4,595,686)
	Total - I			6,992,839,664 (7,663,317,573)
II	JEWELLERY DIVISION :			
	Description			
	Gold	Gms.	13,870,665 (10,747,242)	22,178,411,957 (15,541,217,790)
	Silver	Gms.	525,393 (726,933)	9,003,273 (10,144,500)
	Alloy	Gms.	165,898 (411,007)	1,043,172 (3,713,987)
	Total - II			22,188,458,402 (15,555,076,277)
	GRAND TOTAL (I+II)			29,181,298,066 (23,218,393,850)

Note : The Consumption shown above has been arrived at on the basis of Opening Stock plus Purchases minus Closing stock including wastage thereon, if any, Profit/Loss if any, on sale of Raw Materials gets adjusted in the Consumption.



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

24. Capital work-in-progress comprises of :

	Rupees	Rupees
Plant and Machinery	3,947,822	(70,875)
Factory/Office Building	—	(292,144,323)
Electrical Installation	5,723	—
Furniture and Fixture	105,159	—
Equipment	—	—
Moulds and Dies	—	—
Total	4,058,704	(292,215,198)

25. As per the information available with the Company and certified by them, total outstanding due to Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is Rs.Nil (Nil).

26. Figures in brackets in notes 1 to 25 pertain to previous year.

27. Previous Year's figures have been re-arranged and re-grouped wherever necessary.

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	(Rs. in Lacs)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	7,374	3,577
Adjustments for :		
Depreciation	782	813
Finance Charges (Net)	2,932	3,260
Excess/short provision for Expenses/Income for earlier year (Profit)/Loss on Sale of Assets (Net) and Investment	(46) (127)	(25) (1)
Operating Profit before working capital changes	<u>10,915</u>	<u>7,624</u>
Adjustments for :		
Trade and Other Receivables	(16,176)	(31,584)
Inventories	(11,770)	(12,108)
Trade Payable	23,940	16,724
	<u>6,909</u>	<u>(19,344)</u>
Taxes paid	(392)	(407)
Cash generated from operating activities	<u>6,517</u>	<u>(19,751)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(204)	(1,353)
Sale of Fixed Assets	3,068	6
Purchase of Investments	(2,294)	-
Interest Received	3,178	3,803
Net cash from investing activities	<u>3,748</u>	<u>2,456</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Share Premium	5,962	-
Proceeds from Short Term borrowings	(1,555)	21,792
Proceeds from Share Capital	1,800	-
Interest and Bank charges Paid	(6,110)	(7,063)
Dividend Paid with Tax	-	(1,044)
Net cash from financing activities	<u>97</u>	<u>13,685</u>
Net increase/(decrease) in cash and cash equivalent (A+B+C)	<u>10,362</u>	<u>(3,610)</u>
Cash and Cash equivalent as at 1st April, 2009 (Opening Balance)	8,267	11,877
Cash and Cash equivalent as at 31st March, 2010 (Closing Balance)	<u>18,629</u>	<u>8,267</u>

Note: The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement".

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Jaikumar Kapoor
Chief Financial Officer

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta Chairman-cum-Managing Director

K. N. Bhandari
G. P. Gupta
Shrilekha V. Parikh
Gen. Tej Krishen Kaul
Madan B. Khurjekar } Directors



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	15915	State Code	4
Balance Sheet Date	31/03/2010		

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	180,000

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	27,099,635	Total Assets	27,099,635
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Sources of Funds

Paid up Capital	617,068	Reserves and Surplus	7,537,245
Secured Loans	4,865,261	Deferred Tax Liability	56,598
Unsecured Loans	NIL		

Application of Funds

Net Fixed Assets	578,479	Investments	1,249,445
Net Current Assets	11,248,249	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	30,454,482	Total Expenditure	29,717,066
Profit Before Tax	737,416	Profit after Tax	656,634
Earnings per shares in Rs.	12.69	Dividend Rate (%)	10

V Generic Name of Three Principal Products/Services of Company (as per monetary terms)

a) Item Code No. (ITC Code)	710239.01
Product Description	DIAMONDS
b) Item Code No. (ITC Code)	711319.03
Product Description	STUDED JEWELLERY
c) Item Code No. (ITC Code)	711319.01
Product Description	PLAIN JEWELLERY

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Directors

Gen. Tej Krishen Kaul

Madan B. Khurjekar

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STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

1. Name of the Subsidiary	SU-RAJ DIAMONDS N. V.	SU-RAJ DIAMONDS & JEWELRY USA, INC.	SU-RAJ DIAMONDS & JEWELLERY DMCC	SU-RAJ DIAMOND (H.K.) LTD.
2. Financial Period of the subsidiary ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010	31 st March, 2010
3. Date from which it became a subsidiary	1 st April, 2003	3 rd July, 2006	20 th June, 2006	4 th August, 2006
4. Shares of the Subsidiary held by the Company on the above date				
a) Number and face value	30,088 Shares Euro 248 each	30 Shares US \$ 100000 each	7,300 Shares AED 1000 each	23,400,000 shares HK \$ 1 each
b) Extent of Holding	92%	100%	100%	100%
5. Net aggregate amount of Profit/(Loss) of the subsidiary for the above financial period of the subsidiary so far as they concern members of the Company				
a) dealt with in the accounts of the Company for year ended 31 st March, 2010	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31 st March, 2010	Euro 261,145.29 *	US \$ 47,984	AED 2,391,804	HK \$ 99,296
6. Net aggregating amount of Profit/(Loss) for the previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company				
a) dealt with in the accounts of the Company for the year ended 31 st March, 2010	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the company for the year ended 31 st March, 2010	Euro 384,369.38	US \$ 126,390	AED 1,527,124	HK \$ 444,052

* Includes share of profit of 8% held through another wholly owned subsidiary.

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Auditor's Report on the Consolidated Financial Statements

The Board of Directors

Su-Raj Diamonds and Jewellery Limited

We have audited the attached Consolidated Balance Sheet of **Su-Raj Diamonds Group as at 31st March, 2010**, and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Su-Raj Diamonds Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding its subsidiaries and associates. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 misstatement. 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.

We did not audit the financial statements of the subsidiaries viz; Su-Raj Diamonds N.V. (92 % by Su-Raj Diamonds and Jewellery Limited and 8 % by Su-Raj Diamond (H.K.) Limited), Su-Raj Diamonds and Jewelry USA, Inc. (100 %), Su-Raj Diamond (H.K.) Limited (100 %) and Su-Raj Diamonds & Jewellery DMCC (100 %), subsidiaries for the year 1st April, 2009 to 31st March, 2010 and of the associate companies viz Forever Precious Jewellery and Diamonds Limited, Su-Raj Diamond Dealers Limited, SJR Jewelry Co. Limited, and Revah Corporation Limited. The financial statements and other financial information of the subsidiaries have been audited or reviewed for the full year and the same are considered for consolidation. In the case of the associate companies our opinion is based on the unaudited financial statements of the above companies duly incorporated in the financial statements.

We did not audit the financial statement of the subsidiaries, whose financial statements reflect total assets of Rs.14,837 lacs at 31st March 2010, the total revenue of Rs.36,135 lacs and cash flow amounting Rs. 470 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by Su-Raj Diamonds Group's management in accordance with the requirements of Accounting Standards (AS) 21-Consolidated Financial Statements, and Accounting Standard (AS) 23-Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

Based on our audit of Su-Raj Diamonds and Jewellery Ltd. and on consideration of the audited or reviewed reports of the auditors of the subsidiary companies and of the unaudited accounts of the associate companies and on the basis of other financial information of the subsidiaries and associates, to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Consolidated Balance Sheet, of the State of Affairs of Su-Raj Diamonds Group as at 31st March, 2010;
- (b) in the case of Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

FOR R.C.RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
FRN : 108832W

RAJNIKANT C. RESHAMWALA
PARTNER
MEMBERSHIP NO. 5502

Mumbai: 11th May, 2010

ANNEXURE TO AUDITOR'S REPORT

STATEMENT OF HOLDING IN SUBSIDIARIES AND ASSOCIATE COMPANIES

NAME OF THE COMPANY	COUNTRY OF INCORPORATION	% OF HOLDING	
SUBSIDIARIES			
Su-Raj Diamonds N.V.*	Belgium	100 *	* 8 % through Su-Raj Diamond (H.K.) Ltd.
Su-Raj Diamonds and Jewelry USA, Inc.	USA	100	
Su-Raj Diamonds & Jewellery DMCC	UAE	100	
Su-Raj Diamond (H.K.) Limited	Hong Kong	100	
ASSOCIATES			
Su-Raj Diamond Dealers Ltd.	India	40	
Forever Precious Jewellery and Diamonds Ltd.	India	43	
SJR Jewelry Co. Ltd.	Thailand	49	Liquidated on 24.12.2009
Revah Corporation Ltd.	India	49	

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
a) Share Capital	1	617,067,930		437,063,625
b) Reserves and Surplus	2	7,987,333,761		6,717,502,379
			8,604,401,691	7,154,566,004
2. Loan Funds :				
	3			
a) Secured Loans		5,671,314,123		5,374,226,335
b) Unsecured Loans		24,643		447,362,705
			5,671,338,766	5,821,589,040
3. Deferred Tax Liability (Net)				
			56,589,346	35,816,114
	TOTAL		14,332,329,803	13,011,971,158
II. APPLICATION OF FUNDS :				
1. Fixed Assets :				
a) Gross Block	4	1,066,365,818		1,060,743,133
Less : Depreciation		465,625,617		392,549,291
Net Block		600,740,201		668,193,842
b) Capital Work-in-Progress		4,058,704		292,215,199
			604,798,905	960,409,041
2. Investments				
	5		783,825,735	503,567,549
3. Current Assets, Loans and Advances :				
	6			
a) Inventories		4,779,243,470		3,557,651,590
b) Sundry Debtors		19,879,001,998		18,344,413,757
c) Cash and Bank Balances		1,952,895,050		883,872,647
d) Loans and Advances		604,523,216		287,149,908
		27,215,663,734		23,073,087,902
Less: Current Liabilities and Provisions :				
	7			
a) Current Liabilities		14,113,070,579		11,458,906,479
b) Provisions		158,887,992		66,186,855
		14,271,958,571		11,525,093,334
Net Current Assets			12,943,705,163	11,547,994,568
	TOTAL		14,332,329,803	13,011,971,158
NOTES TO ACCOUNTS				
	12			

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. INCOME				
Sales		33,960,331,264		26,365,450,849
Surplus in Bullion Trading	8	4,600,655		-
Other Income	9	103,066,084		65,508,240
			34,067,998,003	26,430,959,088
II. EXPENDITURE				
Material Cost	10	32,564,134,728		25,192,795,408
Manufacturing and other expenses	11	311,022,990		399,467,171
			32,875,157,718	25,592,262,580
III. PROFIT				
Profit before Interest and Depreciation			1,192,840,285	838,696,509
Finance Charges		322,393,212		363,776,075
Depreciation		78,426,103		83,417,124
			400,819,314	447,193,199
Profit Before Tax			792,020,971	391,503,310
Provision for Tax				
a) Current		60,000,000		23,302,606
b) Fringe Benefit Tax		-		1,075,000
c) Deferred Tax		20,782,192		(864,558)
			80,782,192	23,513,048
Profit After Tax			711,238,779	367,990,262
Share of Profit of Associates (Net)			138,812,772	26,322,950
			850,051,551	394,313,212
Balance brought forward from Previous Year			1,385,512,825	1,056,085,313
			2,235,564,376	1,450,398,525
Add :				
Excess/(Short) Provision for Expenses/ Income of earlier years (Net)			1,270,112	(540,257)
Excess/(Short) Provision for Tax (Net)			389,789	(1,942,814)
Profit available for appropriation	TOTAL		2,237,224,277	1,447,915,454
IV. APPROPRIATIONS				
Proposed Dividend			61,844,258	-
Tax on Dividend			10,510,432	-
Transfer to General Reserve			43,534,000	32,402,629
Transfer to Exchange Fluctuation Reserve			30,000,000	30,000,000
Balance carried to Balance Sheet			2,091,335,587	1,385,512,825
	TOTAL		2,237,224,277	1,447,915,454
Earnings per share(Basic & Diluted)			16.42	9.01
NOTES TO ACCOUNTS	12			

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised 70,000,000 Equity Shares of Rs. 10/- each (Previous Year : 70,000,000 Equity Shares of Rs. 10/- each)		700,000,000	700,000,000
Issued and Subscribed 61,844,258 Equity Shares of Rs. 10/- each (Previous Year : 43,844,258 Equity Shares of Rs. 10/- each)		618,442,580	438,442,580
Paid-up 61,844,258 Equity Shares of Rs. 10/- each (Previous Year : 43,844,258 Equity Shares of Rs. 10/- each) Less: Calls Unpaid - Other than Directors		618,442,580 1,374,650	438,442,580 1,378,955
TOTAL		617,067,930	437,063,625
SCHEDULE 2 : RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet	64,433,859		64,433,859
Less: Goodwill on consolidation	-		-
		64,433,859	64,433,859
Share Premium Account			
Premium Receivable	2,584,174,830		1,988,014,830
Less : Call/Allotment Money in Arrears	5,754,041		5,834,476
		2,578,420,789	1,982,180,354
General Reserve			
As per last Balance Sheet	2,702,911,627		2,670,508,998
Add : During Merger	-		-
Add : Amount transferred from Profit and Loss Account	43,534,000		32,402,629
		2,746,445,627	2,702,911,627
General Reserve - Foreign Exchange Fluctuation			
As per last Balance Sheet	405,000,000		375,000,000
Add : Amount transferred from Profit and Loss Account	30,000,000		30,000,000
		435,000,000	405,000,000
Foreign Currency Translation Reserve			
As per last Balance Sheet	177,463,714		70,464,110
Add : Exchange Difference	(105,765,814)		106,999,604
		71,697,899	177,463,714
Surplus in Profit and Loss Account			
		2,091,335,587	1,385,512,825
TOTAL		7,987,333,761	6,717,502,379
SCHEDULE 3 : LOAN FUNDS			
(i) Secured Loans			
1) Working Capital Credit Facilities from Consortium of Banks (including Ad-hoc limits) Export Packing Credits & Post Shipment Advances The Company has Non Fund Based Credit Facilities of Rs.2013 Crores (Previous Year : Rs.1487 Crores)			
2) Short Term Funded Credit Facilities from Banks upon Interchangeability from Non Fund Based Credit limits and part of (1) above. The above Credit Facilities sanctioned to the Company are secured by Hypothecation of Stock-in-Trade and Book Debts (both present and future) of the Company and of Movable Plant & Machinery, Fixtures & Fittings (fastened to the earth or otherwise) of the Company and of Forever Diamonds Pvt. Ltd. and further collaterally secured by (a) Mortgage by way of Deposit of Title Deeds of Immovable Properties comprising of Land (or Leasehold rights in respect thereof) and other Structures thereon of the Company situated at its units at Bangalore, Goa, Jodhpur, Kolkata, Mumbai and Surat and of Bombay Diamonds Co. Pvt. Ltd., Forever Diamonds Pvt. Ltd. & Kohinoor Diamonds Pvt. Ltd. at their units situated respectively at Valsad, Jodhpur and Surat (b) the Corporate Guarantee by Bombay Diamonds Co. Pvt. Ltd., Forever Diamonds Pvt. Ltd. & Kohinoor Diamonds Pvt. Ltd. and (c) Personal Guarantee of a Director and by Term Deposits held as Cash Margin for Non Fund Based limits.		1,766,799,661	1,890,127,101
3) Buyers' Credit Facilities from Banks (Secured by Letters of undertaking issued by Banks in India) Less : Term Deposits with Banks (Rs.479.52 Crores as at 31.03.2010 & Rs.278.74 Crores as at 31.03.2009) Pledged for securing obligations in respect of Buyets' Credit Facilities	4,223,998,597		2,031,581,869
	4,223,998,597		2,031,581,869
4) Term Loans from Banks / Financial Institutions Term Loan from Financial Institution is secured by Hypothecation of Vehicle acquired therefrom. Term Loan from Bank is secured by Hypothecation of Wind Mill Project and is being further collaterally secured by Mortgage of Leasehold rights in respect of Property in Gujarat where Wind Mill is erected. (Loan repayable in next 12 months - Rs.158,37,600/- Previous Year : Rs.79,18,800/-)		56,281,579	417,786,936
		5,671,314,123	5,374,226,335
(ii) Unsecured Loans		24,643	447,362,705



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 4 : FIXED ASSETS

Description Of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At 04/01/2009	Addition During The Year	Adjustment During The Year	Sales During The Year	As At 03/31/2010	As At 04/01/2009	Sale During The Year	Adjustment During The Year	Provided During The Year	Upto 03/31/2010	As At 03/31/2010	As At 03/31/2009
1 Leasehold Land	7,232,169	-	-	-	7,232,169	324,189	-	-	33,429	357,618	6,874,551	6,907,980
2 Factory / Office Premises	357,942,149	707,243	-	-	358,649,393	94,303,166	-	101,182	17,101,646	111,505,994	247,143,399	263,638,983
3 Plant & Machinery	408,469,146	2,629,254	-	4,493,786	406,604,615	202,309,424	3,343,777	-	27,586,764	226,552,411	180,052,204	206,159,722
4 Furniture & Fixture	48,151,661	7,313	-	195,736	47,963,238	20,327,727	48,066	358,157	4,812,659	25,450,477	22,512,761	27,823,934
5 Electrical Installations	51,369,355	-	-	-	51,369,355	22,097,444	-	-	4,059,095	26,156,539	25,212,816	29,271,911
6 Equipments	74,199,074	3,595,858	-	448,449	77,346,483	36,953,977	125,802	273,098	7,767,205	44,868,478	32,478,005	37,245,098
7 Vehicles	8,480,763	-	-	1,490,039	6,990,724	5,030,589	1,111,485	-	875,156	4,794,260	2,196,464	3,450,174
8 Moulds And Dies	7,880,607	10,398,124	-	-	18,278,732	2,242,819	-	-	3,093,990	5,336,809	12,941,923	5,637,788
9 Wind Mill	92,583,137	-	-	-	92,583,137	7,154,825	-	-	13,096,160	20,250,985	72,332,152	85,428,312
Difference in F.E.C.	4,435,072	(652,027)	-	4,435,072	(652,027)	1,805,131	1,805,131	-	-	352,047	(1,004,074)	2,629,940
Current Year Total	1,060,743,133	16,685,765	-	11,063,082	1,066,365,818	392,549,291	6,434,261	732,437	78,426,103	465,625,617	600,740,201	668,193,842
Previous Year Total	898,280,701	159,892,019	4,023,350	1,432,810	1,060,743,133	308,965,509	938,102	1,159,049	83,417,124	392,549,291	668,193,842	

NOTE :

- 1) Depreciation provided during the year includes Rs. NIL (Previous Year : 29,99,095) being Impairment of Assets of SDJL-Engg. Div.,Jodhpur Branch.
- 2) The above schedule of assets do not reflect assets sold out of CWIP which have not been capitalised and not forming a part of the above Block of assets.
- 3) The value of the capital work in progress capitalised during the year is as under :

PARTICULARS

CURRENT YEAR RUPEES

PREVIOUS YEAR RUPEES

1) Factory Premises	-	17,950,180
2) Plant & Machinery	-	114,000
3) Electrical Installation	-	8,220,923
4) Furniture and Fixtures	-	408,249
5) Air Conditioner	-	-
6) Equipment	-	477,159
7) Moulds & Dies	-	352,437
	-	27,522,948

	Current year Rupees	Current year Rupees	Previous Year Rupees
SCHEDULE 5 : INVESTMENTS : (AT COST) - UNQUOTED			
Long Term			
In Government Securities			
2 (Previous Year : 2) Indira Vikas Patra of Rs. 500 each National Savings Certificates	1,000 5,000		1,000 5,000
		6,000	6,000
Other Companies			
2,000,000 (Previous Year 2,000,000) Equity Shares of Rs. 10 each of Su-Raj Diamond Dealers Limited, fully paid-up Add: Share of Profit / (Loss)	19,732,654 (1,480)		19,994,837 16,187
16,350,000 (Previous Year :11,650,000) Equity Shares of Rs.10 each of Forever Precious Jewellery & Diamonds Limited, fully paid-up (Capital Reserve on acquisition Rs.5,197,543) Add: Share of Profit / (Loss)	618,269,653 138,814,252	757,083,905	20,011,024 428,657,402 45,595,936
- (Previous Year : 2,444) Equity Shares of Baht 400 each of SJR Jewelry Co. Ltd, fully paid-up (Capital Reserve on acquisitions Rs.216,780) Less : Investment liquidated Less : Prior Period Profit adjusted	2,230,396 (1,389,900) (840,496)		474,253,338 3,274,153 (1,043,757)
- (Previous Year: 2,434,700) Equity Shares of Rs.10 each of Revah Corporation Limited, fully paid-up Add: Share of Profit (Loss)	- -		2,230,396 18,245,416 (18,245,416)
17,500 (Previous Year: 17,500) Equity Shares of Rs.100 each of Peakok Jewellery Limited, fully paid-up		5,012,750	5,012,750
576,250 (Previous Year: 576,250) Equity Shares of Rs.10 each of Carbon Accessories Limited, fully paid-up		1,444,299	1,444,299
8,183.03 (Previous Year: 7931.57) Equity Shares of Rs.10 each of Principal Mutual Fund of Punjab National Bank		81,840	79,326
10 (Previous Year: 10) Equity Shares of Su-Raj Euro Jewel		375,002	427,053
1 (Previous Year: 1) Equity Share of Antwerpse Diamontkring		90,765	103,364
		783,819,735	503,561,549
TOTAL		783,825,735	503,567,549

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

	Current year Rupees	Current year Rupees	Previous Year Rupees
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES			
a) Inventories (As certified by a Director)			
I. Stores and Spare Parts (At Cost)		8,116,552	9,483,323
II. Stock-in-Trade			
(i) Raw Materials (Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds	464,795,878		895,171,727
Gold and Alloy	2,610,106,990		1,195,546,041
Precious, Semi-precious and Other Stones	14,210,915		15,248,918
Others	2,569,098		5,563,740
	<u>3,091,682,881</u>		<u>2,111,530,426</u>
(ii) Finished Goods (Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds, Plain and Studded Jewellery	1,679,444,037		1,436,637,841
		<u>4,771,126,918</u>	<u>3,548,168,267</u>
TOTAL 'A'		<u>4,779,243,470</u>	<u>3,557,651,590</u>
b) Sundry Debtors (Unsecured, considered good)			
Debts outstanding for a period exceeding six months	2,182,478,685		4,860,288,754
Other Debts	17,696,523,313		13,484,125,003
		<u>19,879,001,998</u>	<u>18,344,413,757</u>
c) Cash and Bank Balances			
Cash on hand	1,442,045		4,192,888
Balance with Scheduled Banks :			
In Current Account (including cheques on hand Rs. 43,774 ; Previous Year Rs. Nil)	202,428,177		97,153,066
In Fixed Deposit Accounts			
Fixed Deposit with Banks	5,973,023,425		2,814,108,562
Less: Pledged with Bank against buyers credit facilities availed for payment of buyers credit facilities	4,223,998,597		2,031,581,869
	<u>1,749,024,828</u>	<u>1,952,895,050</u>	<u>782,526,693</u> <u>883,872,647</u>
TOTAL 'B'		<u>21,831,897,048</u>	<u>22,785,937,994</u>
d) Loans & Advances (Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	522,876,608		205,265,318
Prepaid Expenses	488,355		254,361
Advance payment of Income-tax	81,158,253		81,630,229
		<u>604,523,216</u>	<u>287,149,908</u>
TOTAL 'C'		<u>604,523,216</u>	<u>287,149,908</u>
TOTAL 'A' + 'B' + 'C'		<u>27,215,663,734</u>	<u>23,073,087,903</u>



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

	Current year Rupees	Current year Rupees	Previous Year Rupees
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
a) Sundry Creditors	14,067,659,522		11,431,262,929
b) Unclaimed Dividend	10,303,799		10,484,069
c) Other Liabilities	35,107,258		17,159,481
		14,113,070,579	11,458,906,479
B. Provisions			
a) Taxation	86,311,125		66,122,055
b) Proposed Dividend	61,844,258		-
c) Other	222,177		64,801
d) Tax on Dividend	10,510,432		-
		158,887,992	66,186,856
TOTAL		14,271,958,571	11,525,093,334
SCHEDULE 8 : SURPLUS IN BULLION TRADING			
Sales of Bullion	593,980,351		-
Less: Material Cost			
Opening Stock	-		-
Add: Purchases of Bullion	775,061,394		-
	775,061,395		-
Less: Closing Stock of Bullion	185,681,699		-
	589,379,696		-
Surplus in Bullion Trading		4,600,655	-
TOTAL		4,600,655	-
SCHEDULE 9 : OTHER INCOME			
Interest Received		2,265,608	7,649,094
(Tax deducted at source Rs.129,824; Previous Year Rs.1,569,382)			
Rent Received		504,000	632,000
Labour Charges Received		61,386,847	34,463,284
(Tax deducted at source Rs. 1,299,270; Previous Year Rs. 783,916)			
Dividend Received		1,141,688	883,881
Profit on Sale of Assets (Net)		12,737,560	59,481
Miscellaneous Receipts		25,030,381	21,820,500
TOTAL		103,066,084	65,508,240
SCHEDULE 10 : MATERIAL COST			
Raw Materials Consumed			
Opening Stock	2,111,530,426		1,005,354,462
Add : Purchases	29,975,768,822		24,324,569,814
	32,087,299,248		25,329,924,276
Less : Closing Stock	2,906,001,182		2,111,530,426
		29,181,298,066	23,218,393,850
(Increase)/Decrease in Semi-Finished Goods			
Opening Stock of Semi-Finished Goods	-		-
Add : Purchases	106,860,000		-
	106,860,000		-
Closing Stock of Semi-Finished Goods	-		-
		106,860,000	-
(Increase)/Decrease in Finished Goods			
Opening Stock of Finished Goods	1,436,637,841		1,493,591,514
Add : Purchases	3,518,782,858		1,917,447,885
	4,895,292,948		3,411,039,399
Less: Closing Stock of Finished Goods	1,679,444,037		1,436,637,841
		3,275,976,662	1,974,401,558
(Accretion)/Decretion in stock		32,564,134,728	25,192,795,408

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

	Current year Rupees	Current year Rupees	Previous Year Rupees
SCHEDULE 11 : MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages and Bonus	48,684,405		55,270,857
Contribution to Provident and other Funds	1,856,601		3,188,925
Workmen and Staff Welfare Expenses	1,604,726		2,062,610
		52,145,732	60,522,392
Directors' Remuneration		12,847,668	11,879,591
Labour Charges		96,116,411	170,158,867
Assortment and Valuation Charges		3,878,848	2,521,281
Packing Materials Consumed		173,264	223,594
Other Administrative Expenses		696,263	1,223,555
Stores and Spare Parts Consumed		11,147,853	19,164,593
Electricity Charges		9,964,380	14,746,726
Freight and Forwarding		13,312,410	12,963,116
Postage Telegram & Telex and Fax Charges		2,946,062	735,892
Telephone, Telex and Fax Charges		1,083,742	4,261,750
Advertisement and Sales Promotion Expenses		1,997,823	3,011,273
Rent, Rates, Taxes and Duties		10,637,089	13,390,032
(Including Rs. 939,036/- (Previous Year Rs.907,341) towards Stamp Duty)			
Travelling Expenses		7,864,351	12,091,632
Printing and Stationery		1,696,231	2,460,245
Licence, Registration and Other Fees		1,105,214	881,907
Repairs and Maintenance of :			
Buildings	599,089		1,021,160
Plant and Machinery	2,523,745		2,913,475
Others	5,053,205		3,686,101
		8,176,039	7,620,736
Insurance Charges (Including Rs.5,706,064 (Previous Year Rs.4,999,838) for ECGC Premium reimbursed to banks)		23,187,838	13,612,551
Legal and Professional Charges		19,303,422	23,379,549
Miscellaneous Expenses		20,267,564	21,651,414
Donations		11,694,400	2,966,475
Amortization		780,386	-
		311,022,990	399,467,171



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

SCHEDULE 12:

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

A. Significant Accounting Policies :

1. Basis of Accounting and Preparation of Financial Statements:

- The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and complying with the Accounting Standard (AS-21) – Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- All income and expenditure items are accounted on accrual basis.
- Financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

2. Principles of Consolidation:

- The consolidated financial statements comprise the financial statement of Su-Raj Diamonds and Jewellery Limited, ('The Company') and its wholly owned subsidiaries being foreign companies, Su-Raj Diamonds N.V., Su-Raj Diamonds & Jewelry USA Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (H.K.) Limited, and its Associates in India namely Su-Raj Diamond Dealers Limited, Forever Precious Jewellery & Diamonds Limited, Revah Corporation Limited and in Foreign being SJR Jewelry Co. Ltd.
- The financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, if any.
- The accounts of the foreign subsidiaries have been prepared in compliance with the local laws applicable.
- The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as that followed by the company in its separate financial statements.
- Investment in associate companies is accounted as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The excess/shortage of the share of equity in the subsidiaries over its cost of investments are recognized as Capital Reserve / Goodwill and adjusted under the head Reserves and Surplus.

3. Reporting Dates of Subsidiaries for Consolidation

For the purpose of preparing these statements the financials of the parent and its subsidiaries Su-Raj Diamonds N.V., Su-Raj Diamonds & Jewelry USA Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (H.K.) Limited for the year ended 31.03.2010 is considered.

4. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

5. Fixed Assets:

- All fixed assets are valued at cost less depreciation.
- Exchange differences relating to the acquisition of fixed assets are taken to the Profit and Loss account.

6. Depreciation:

Indian Company

- Depreciation is provided as per the "Written Down Value" method at rates provided by Schedule XIV to the Companies Act, 1956. Leasehold Land is amortised over the period of lease.
- Depreciation on additions and on sale/disposal of fixed assets is computed pro-rata on day-to-day basis from the date of purchase or up to the date of sale.
- Depreciation on new unit is taken from the date of commissioning of the unit.
- Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year. However for shut down units, no depreciation is charged.

Foreign Company

Depreciation has been provided on the basis of the method and rates prevailing as per the local laws.

7. Work in Progress:

- The cost of fixed assets, acquisition/construction, installations of which are not completed are included under Capital Work-in-Progress and the same are apportioned/transferred to respective fixed assets on installation/completion of the asset/project.
- Expenses incurred during the year to set up of business premises/factory premises forming part of capital work-in-progress are capitalised under the head Factory Premises.
- Similarly, goods, which are under production and cannot be termed as finished goods are treated as work in progress.

8. Investments :

- Long term Investments are stated at Cost of acquisition. Provision for diminution in the value of long term investments is made if such diminution is considered other than temporary in nature.
- Application monies for investment in shares are classified as an advance till the allotment of shares is completed.

9. Inventories :

The Company has complied with AS-2 Valuation of Inventories issued by the Institute of Chartered Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry.

- Raw Materials (Rough Diamonds, Precious stones, Gold, Silver, Alloys, Platinum, Pearls) are valued "At Cost"(i.e. cost of acquisition as on that date) or "Net Realisable Value", whichever is lower.
- Closing stock of other Raw Materials is valued "At Cost " or "Net Realisable Value" whichever is lower (cost means average cost with the proportionate value of freight and clearing charges added to closing stock)
- Stock on hand as on the last date, which is under processing and not yet converted to finished goods, is considered to be a part of Stock of Raw Materials and hence is valued as Raw Materials as in (a) above.
- Finished Goods of Polished Diamonds are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials on weighted average cost basis, labour cost and proportionately allocated other costs related to

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converting them into finished goods which are technically evaluated keeping in view the wide variety and grades of diamonds.

- (e) Finished Goods of Jewellery are valued "At Cost" or "Net Realisable Value", whichever is lower. Cost includes cost of raw materials, labour cost and proportionately allocated other costs related to converting them into finished goods.
- (f) Goods procured for trading (Studded and Plain Jewellery and Diamonds) are valued "At Cost" or "Net Realisable Value", whichever is lower.
- (g) Stores and Spares are valued "At Cost".

10. Foreign Exchange Transactions:

- (a) Transactions in foreign currency are accounted at the exchange rate/average rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date, in respect of revenue transactions are recognized in Profit and Loss Account.
- (b) All export proceeds/import payables not realised at the year-end are restated at the rate prevailing at the year end. The exchange difference arising therefrom has been recognised as income/expenses in the current year Profit and Loss Account along with underlying transactions.
- (c) Monetary Assets and Liabilities denominated in Foreign Currency are translated at year end exchange rates and the Profit/Loss so determined are recognized in the Profit and Loss Account for the year.
- (d)
 - (i) As per the Provisions of the AS -11 of the ICAI, the profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognised as income/expenses in the Profit and Loss Account for the year along with the underlying transactions.
 - (ii) Option contract open at the year end are recognized at year end rate and the Mark to Market difference taken to revenue account with underlying transactions.
 - (iii) Premium or discount at the inception of forward exchange contract is amortized as expenses or income over the life of contract.

11. Preliminary Expenses :

Preliminary Expenses are treated as Deferred Revenue Expenditure and the same are written off in ten equal installments.

12. Employees Retirement Benefits:

Indian Company

(a) Defined Contribution Plans:

The Company has Defined Contribution Plan for post employment benefit in the form of provident fund for eligible employees which is administered by regional provident fund commissioner. Provident fund is classified as Defined Contribution Plan as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as and when incurred.

(b) Defined Benefit Plans:

The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity for eligible employees which are administered through a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The liability for the above Defined Benefit Plan is provided on the basis of an actuarial valuation as carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

- (c) Termination benefits are recognized as an expense as and when incurred.

- (d) The Company has made provision for leave encashment dues as on the last date of the year.

Foreign Company

Employees' retirement benefits are provided by the foreign company in accordance with the applicable local laws.

13. Taxation:

Indian Company

- (a) Provisions for taxation is made after considering various reliefs admissible under the provisions of the Income Tax Act.
- (b) Disputed amounts of tax are considered in contingent liabilities.
- (c) The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

Foreign Company

Provision for taxation and other tax expenses are recognized by the foreign company in accordance with the applicable local laws.

14. Borrowing Cost:

Borrowing Costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they are incurred.

15. Impairment of Fixed Assets :

Considering AS-28-Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any Assets that require a provision for impairment loss. Impairment loss is charged to the Profit And Loss Account in the year in which, an asset is identified as impaired, when the carrying Rate of the asset exceeds its recoverable value. The impairment loss booked in prior accounting periods is reversed if there is an upward change in the estimate of recoverable account.

16. Provisions, Contingent Assets and Contingent Liabilities:

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial Statements. Contingent liabilities, if material, are disclosed in the notes to the accounts.

B. Notes Forming Part of the Accounts:

1. Contingent Liabilities not provided for in respect of:

	Rupees	Rupees
(a) Disputed Income Tax Liability	NIL	NIL
(b) Estimated amounts of contracts remaining to be executed on Capital Account	835,770	(67,500)
(c) EPCG Benefits (Customs Duties payable if export obligations not met)	21,565,200	(23,865,150)
Total	22,400,970	(23,932,650)



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

2. In the opinion of the Directors:

- (a) The Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.
- (b) The provision for Depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

3. Legal and Professional charges include payment to Statutory Auditors:

	Rupees	Rupees
(a) Audit Fees	800,000	(500,000)
(b) Tax Audit Fees	70,000	(85,000)
(c) As advisor or in any other capacity in respect of certification charges	219,500	(168,000)
(d) Reimbursement of expenses and Service Tax	192,065	(133,343)
(e) Foreign Company Audit Fees	1,474,552	(1,315,302)
Total	2,756,117	(2,201,645)

4. The Financial charges includes bank charges of Rs.186,907,442 (Rs.195,297,046) Bank interest paid Rs.453,845,534 (Rs.549,288,816) and Bank interest received on Fixed Deposits Rs. 318,359,765 (Rs.380,809,786).

5. Letters have been addressed to Sundry Debtors and Sundry Creditors for confirmation. Confirmations have been received from some parties.

6. The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company.

a) Defined Contribution Plan:

The Company has recognized Rs. 1,856,601 (Rs. 2,305,873) towards contribution made to Employees Provident & family Pension Fund.

b) Defined Benefit Plan:

(1) Assumption

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Discount Rate	8 %	8 %
(b)	Salary Escalation	4 %	4 %

(2) Change in the Present Value of Obligation

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Present Value of obligation as at beginning of year	1,650,179	1,444,049
(b)	Interest Cost	132,014	115,524
(c)	Past Service Cost	Nil	Nil
(d)	Current Service Cost	388,058	454,131
(e)	Curtailment Cost/(Credit)	Nil	Nil
(f)	Settlement Cost/(Credit)	Nil	Nil
(g)	Benefits Paid	Nil	588,173
(h)	Actuarial Gain/(Loss) on obligation	(402,375)	224,648
(i)	Present Value of Obligation as at March 31,2010	1,767,876	1,650,179

(3) Change in the Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Fair Value of Plan Assets as at April 1, 2009	626,609	1,122,215
(b)	Expected Return on Plan Assets	112,900	92,567
(c)	Employer's Contributions	1,483,011	NIL
(d)	Benefits Paid	NIL	5,88,173
(e)	Actuarial Gain/(Loss) on Plan Assets	NIL	NIL
(f)	Fair Value of Plan Assets as at March 31, 2010	2,222,520	626,609

(4) Table showing Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Fair value of plan assets at beginning of year	626,609	1,122,215
(b)	Actual Return on Plan Assets	112,900	92,567
(c)	Contributions	1,483,011	Nil
(d)	Benefits Paid	NIL	588,173
(e)	Fair value of Plan Assets at the year end	2,222,520	626,609
(f)	Funded Status	454,644	(1,023,570)

(5) Actuarial Gain/Loss recognized

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Actuarial Gain/(Loss) for the year-obligation	402,375	(224,648)
(b)	Actuarial (Gain)/Loss for the year-plan assets	NIL	NIL
(c)	Total (Gain)/Loss for the year	(402,375)	224,648
(d)	Actuarial (Gain)/Loss recognized in the year	(402,375)	224,648

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(6) The amounts to be recognized in the Balance Sheet and Statement of profit And loss

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Present value of obligations as at the end of year	1,767,876	1,650,179
(b)	Fair value of Plan Assets as at the end of the year	2,222,520	626,609
(c)	Funded status	454,644	(1,023,570)
(d)	Net Assets/(Liability) recognized in Balance Sheet	(454,644)	1,023,570

(7) Expenses recognized in Statement of Profit and Loss :

Sr.	Particulars	As on 31 st March, 2010	As on 31 st March, 2009
(a)	Current Service Cost	388,058	454,131
(b)	Interest Cost	132,014	115,524
(c)	Expected Return on Plan Assets	(112,900)	92,567
(d)	Net Actuarial (Gain)/Loss recognized in the year	(402,375)	224,648
(e)	Expenses recognized in Statement of Profit & Loss	4,797	701,736

Note: The estimate of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors.

7. The Company has taken gold on loan from various banks. The said gold has been processed and sales of Jewellery made. The value of purchase and sale is taken on the basis of the provisional sale certificate of the bank. The final value of purchase and sale is recorded on the date of repayment of the loan or on final price

confirmation of gold loan on the basis of forward contract booked with the difference of sale and purchase amount being recorded to respective accounts.

8. During the year a net gain on account of Foreign Exchange Fluctuation / Derivative transactions amounting to Rs. 84,156,110 (Gain of Rs. 92,215,178) has been recognised in the Profit and Loss Account along with underlying transactions.

9. During the year, the Company has adjusted the dividends payable against the amounts due from shareholders who have not paid their call monies in respect of shares subscribed by them. The amount of dividend adjusted against the Share Premium Account is Rs.NIL (Rs. 558,050).

10. There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection Fund. The Company has transferred, unclaimed dividend in respect of financial year 2001-02 amounting to Rs.1,020,294, to Investor Education and Protection Fund during the year.

11. During the year under review the Company has entered into transactions in relation to derivative instruments. The following is the list of transactions outstanding on the Balance Sheet date as disclosed by the company:

1. Transactions for forward contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to 55 (81) amounting to Rs. 238.02 crores (Rs.951.27 crores.)

12. During the year under review the company has entered into Commodity trading in Futures for precious metals to hedge the risks of price fluctuations in precious metal (raw materials). The initial margin on such derivative transactions has been paid in cash. Any gain/loss on such transactions made during the year has been charged to Profit and Loss Account along with the underlying transaction. The values of transaction numbering to Nil (1) amounting to Rs.Nil (Rs.25,705,700) are open as at balance sheet date.

13. The Engineering Division at Jodhpur which had closed its operations, during the year incurred a loss of Rs. 0.06 lacs (29.90 lacs) including impairment of certain Fixed Assets of Rs. Nil (Rs. 29.99 of fixed Assets). The carrying value of the total assets to be disposed off at Jodhpur is Rs.100.64 lacs (Rs.100.95 lacs) at the balance sheet date.

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



14. As per the provisions of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India, the details of the Primary and Secondary Segment are given below:

SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2010

(i) Information about Primary Business Segment:

(Rs.in Lacs)

	Diamond	Jewellery	Un-allocated	Total
REVENUE				
Sales	89,271	250,332	1,077	340,680
	(82,347)	(181,308)	(655)	(264,310)
RESULT				
Segment Result	2,576	8,395	173	11,144
	(2,207)	(5,346)	(Nil)	(7,533)
Bank interest/charges			3,224	3,224
			(3,638)	(3,638)
Profit before Tax				7,920
				(3,915)
Provision for Tax				
Current				600
				(233)
Fringe Benefit Tax				11
				(11)
Deferred				Nil
				(-9)
Profit after Tax				7,112
				(3,680)
OTHER INFORMATION				
Segment Assets	69,560	183,071	33,412	286,043
	(91,349)	(137,943)	(16,078)	(245,370)
Segment Liabilities	6,543	136,177		142,720
	(20,298)	(94,953)		(115,251)
Share Capital & Reserves				86,044
				(71,546)
Deferred Taxation				566
				(358)
Non-cash expenses Other than depreciation				Nil
				(Nil)

(ii) Information about Secondary Business Segment:

Statement of continent wise sale :

(Rs. in Lacs)

North America	56,985
	(19,088)
Europe	62,757
	(31,505)
Middle East	194,011
	(176,973)
Asia	25,850
	(36,089)
Total	339,603
	(263,655)

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15. As per provisions of Accounting Standard 18 - "Related Party Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transaction based on disclosure certificate issued by the Directors, is enclosed here below:

i) List of Related Parties :	Particulars
Associates	Forever Precious Jewellery and Diamonds Limited Su-Raj Diamond Dealers Limited SJR Jewelry Co. Ltd. Revah Corporation Limited
Key Management Personnel	Jatin R. Mehta
Enterprise in which key management personnel and their relatives have significant influence	J. R. Diamonds Private Limited SJR Commodities & Consultancies Private Limited Diadem Investment and Finance Private Limited Bombay Diamonds Company Private Limited Firstrate Diamonds Private Limited Forever Diamonds Private Limited Euro Auto Private Limited Kohinoor Diamonds Private Limited
Relative of key management personnel	Sonia J. Mehta, Jatin R. Mehta (HUF)

A. Transaction for the year ended 31.03.2010

	Associates	Enterprise in which key management personnel and relatives have significant influence	Key Management personnel	TOTAL
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1. Purchases	3,709,626 (NIL)	655,414,427 (52,970,078)	Nil (Nil)	659,124,053 (52,970,078)
2. Sales	1,90,733,676 (27,621,846)	132,775,349 (Nil)	(Nil) (Nil)	323,509,025 (27,621,846)
3. Sales of Fixed Assets	530,357 (Nil)	929,701 (Nil)	Nil (Nil)	1,460,058 (Nil)
4. Labour charges paid	132,242 (Nil)	2,520,700 (23,029,355)	Nil (Nil)	2,652,942 (23,029,355)
5. Labour Charges received	2,832,088 (159,919)	17,149,661 (1,264,298)	Nil (Nil)	19,981,749 (1,424,217)
6. Loan/Advances Given	161,175,000 (Nil)	139,664,477 (Nil)	Nil (Nil)	300,839,477 (Nil)
7. Interest Received	1,298,243 (Nil)	Nil (479,609)	Nil (Nil)	1,298,243 (479,609)
8. Loan Received	161,175,000 (Nil)	Nil (Nil)	Nil (Nil)	161,175,000 (Nil)
9. Dividend Received	986,865 (Nil)	Nil (Nil)	Nil (Nil)	986,865 Nil
10. Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
11. Purchase of Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (294,044)	Nil (294,044)
12. Equity contribution	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
13. Remuneration	(Nil) (Nil)	(Nil) (Nil)	36,00,000 (36,00,000)	36,00,000 (36,00,000)

B. Outstanding as on 31.03.2010

1. Debtors	96,492,780 (1,759,024)	3,755,868 (19,632,302)	Nil (Nil)	100,248,648 (21,391,326)
2. Creditors	9,821,731 (69,69,366)	200,303,653 (27,800,818)	Nil (Nil)	210,125,384 (34,770,184)



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

16. The Company has various operating leases for factory premises and office facilities that are renewable on a periodic basis and can be terminated at the option of either party. Rental expenses for operational leases recognized in the Profit and Loss Account for the year are Rs. 3,330,773 (Rs. 39,40,114).

Minimum future lease rentals payable are:

	Rupees	Rupees
(a) Payable within one year	2,868,207	(2,722,673)
(b) Payable within one year and five years	8,604,621	(7,095,019)
(c) Payable after five years	Nil	Nil

Minimum future lease rentals receivable in respect of assets given on operating lease in the form of Plant & Machinery after 1/10/2002 and Building after 1/8/2001 are :

	Rupees	Rupees
(a) Receivable within one year	660,000	(446,000)
(b) Receivable between one year and five years	1,320,000	(Nil)
(c) Receivable after five years	Nil	(Nil)

17. Earnings per share:

Profit computation for both Basic and Diluted earnings per share of Rs.10 each.

	Rupees	Rupees
Net Profit as per Profit and Loss Account available to shareholders	850,051,551	(394,313,213)
Weighted average number of Equity Shares	51,764,135	(43,775,310)
4,37,06,362 Equity Shares fully paid of Rs.10 each	43,706,362	
1,37,465 Equity Shares partly paid	(68,732)	
1,37,896 up of Rs. 5 each = Rs.687,325 (Rs.6,89,480)-	(68,948)	
Hence fully paid up Equity Shares of Rs. 10 each		
18,000,000 Equity Shares of Rs.10 each Issued on 21 st October, 2009 (i.e. for 162 days)	7,989,041	
Total No. of Equity Shares	51,764,135	
Earnings per Share (Basic and Diluted)	16.42	(9.01)

18. The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

As a result the deferred tax Liability for the year aggregating to Rs.20,782,192/- (Rs.864,558/- has been recognized in the Profit and Loss account, the details of which are as under:

Particulars	Balance carried As at 31.03.2009 (Rs.)	Arising during the year (Rs.)	Balance carried As at 31.03.2010 (Rs.)
Deferred Tax Asset (Depreciation)	—	—	—
Deferred Tax Liabilities (Depreciation)	(35,816,114)	(20,782,192)	(56,598,306)
Net (Liabilities)	(35,816,114)	(20,782,192)	(56,598,306)

19. The Company has taken into consideration the Provisions of Accounting Standard 28 – Impairment of Assets. The Company does not have any assets, which would require impairment and provisions.
20. The Company has implemented the Provisions of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets. The Company has recognized Contingent Liabilities as given in B(1) above and as such no provision is required to be made. The Company does not have any Contingent Assets which requires provision.
21. As per the information available with the Company and certified by them, total outstanding due to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is Rs. Nil (Nil).
22. Figures in brackets in notes 1 to 21 pertain to previous year.
23. Previous Year's figures have been re-arranged and re-grouped wherever necessary.

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rs. in Lacs)

	Current Year	Previous year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	7,920	3,915
Adjustments for :		
Depreciation	784	834
Interest (Net)	3,224	3,638
Excess/short provision for Expenses/Income for earlier year	13	(5)
(Profit)/Loss on Sale of Assets (Net) and Investment	(127)	(1)
Proportionate share of profit of Associate Companies	1,388	263
Operating Profit before working capital changes	13,202	8,644
Adjustments for :		
Trade and Other Receivables	(18,510)	(34,419)
Inventories	(12,215)	(10,494)
Trade Payable	26,516	11,193
	8,993	(25,076)
Taxes paid	(341)	(365)
Cash generated from operating activities	8,652	(25,441)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(204)	(1,356)
Sale of Fixed Assets	3,068	6
Purchase of Investments	(2,803)	(263)
Interest Received	3,184	
Net cash from investing activities	3,245	(1,613)
C. CASH FLOW FROM FINANCE ACTIVITIES		
Proceeds from Share Premium	5,962	2
(Repayment)/Proceeds from Short Term borrowings	(1,503)	27,305
Proceeds from Parent Company Reserve	(1,058)	1,041
Interest Paid	(6,408)	(3,638)
Dividend Paid with tax	-	(1,044)
Proceed from share capital	1,800	-
Net cash from financing activities	(1,207)	23,666
Net increase/(decrease) in cash and cash equivalent (A+B+C)	10,690	(3,388)
Cash and Cash equivalent as at 1st April, 2009 (Opening Balance)	8,839	12,227
Cash and Cash equivalent as at 31st March, 2010 (Closing Balance)	19,529	8,839

As per our attached report of even date

For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Mumbai, 11th May, 2010

Jaikummar Kapoor
Chief Financial Officer

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman-cum-Managing Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Gen. Tej Krishen Kaul

Madan B. Khurjekar

Directors



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

DETAILS OF SUBSIDIARY COMPANIES

(Amount in Rs.)

Name of Subsidiary	Su-Raj Diamonds N. V.	Su-Raj Diamonds & Jewelry USA, Inc.	Su-Raj Diamonds & Jewellery DMCC	Su-Raj Diamond (H.K.) Ltd.
1. Capital	479,541,159	134,730,000	89,279,000	137,124,000
2. Reserve and Surplus	47,615,608	7,831,136	47,928,490	3,184,019
3. Total Assets (Fixed Assets + Current Assets)	1,277,210,302	367,668,604	585,963,556	246,478,087
4. Total Liabilities (Debts + Current Liabilities)	750,519,301	225,107,468	448,756,066	151,878,068
5. Investments	465,766	—	—	45,708,000
6. Total Income	1,589,825,447	362,369,151	1,911,934,155	538,374,992
7. Profit Before Tax	17,671,702	3,305,669	31,165,207	544,472
8. Provision for Tax	—	1,009,635	—	—
9. Profit After Tax	17,671,702	2,296,034	31,165,207	544,472

SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Registered Office: Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares Held _____

Regd.Folio No. _____ DP ID No. _____ Client ID No. _____

(Name in BLOCK letters) _____

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company held at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 on Thursday, the 30th September, 2010 at 11.30 a.m.

Member's/Proxy's Signature

NOTE:

Members/Proxy holder are requested to bring their copy of the annual Report with them at the Meeting.

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SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Registered Office: Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004

PROXY FORM

Shares Held _____

Regd.Folio No. _____ DP ID No. _____ Client ID No. _____

(Name in BLOCK letters) _____

I/We _____ of _____ being a Member/Members of the

above-named Company, hereby appoint _____

of _____ in the district of _____ or

failing him _____ of _____ in the district of _____

as my/our proxy to vote for me/us and on my/our behalf at the 24th ANNUAL GENERAL MEETING of the Company to

be held on Thursday, the 30th September, 2010 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix
One Rupee
Revenue
Stamp

Note: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

BOOK-POST



If undelivered please return to:

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Unit : Su-Raj Diamonds and Jewellery Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Road, Bhandup (West), Mumbai 400 078