

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



25TH ANNUAL REPORT
2010-2011

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



BOARD OF DIRECTORS

Mr. Jatin R. Mehta	Chairman
Mr. Lakhpatraj Bhansali	Whole-time Director (w.e.f. 19 th April, 2011)
Mr. K. N. Bhandari	Director
Mr. G. P. Gupta	Director
Gen. Tej Krishen Kaul	Director (upto 18 th November, 2010)
Mrs. Shrilekha V. Parikh	Director
Mr. Madan B. Khurjekar	Director
Mr. Sharad B. Bhagwat	Director (w.e.f. 14 th February, 2011)
Mr. Dilip P. Tikle	Director (w.e.f. 14 th February, 2011)

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 Limited
Vijaya Bank
Bank of India
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 AND TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Members of Su-Raj Diamonds and Jewellery Limited will be held on Friday, the 30th day of September, 2011 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, 2011, 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, 2011.
- 3) To appoint a Director in place of Mr. G.P. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Madan B. Khurjekar, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To re-appoint M/s. R. C. Reshamwala & Co., Chartered Accountants (FRN 108832W), as Statutory Auditors of the Company, 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 an **Ordinary Resolution**:

RESOLVED THAT Mr. Dilip P. Tikle who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Dilip P. Tikle as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED THAT Mr. Lakhpatraj Bhansali who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 1956 read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Lakhpatraj Bhansali as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

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

RESOLVED THAT Pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, the approval of

the members of the Company be and is hereby accorded to the terms of appointment of Mr. Lakhpatraj Bhansali as Whole-time Director of the Company for a period of five years with effect from 19th April, 2011 at a remuneration and upon the terms and conditions embodied in the agreement placed before this meeting and initiated by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary remuneration, terms & conditions of the said appointment and/or agreement, subject to the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be agreed to between the Directors and Mr. Lakhpatraj Bhansali.

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

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, the approval of the members of the Company be and is hereby accorded to re-appointment of Mr. Jatin R. Mehta as Chairman-cum-Managing Director of the Company for a period commencing from 1st February, 2011 upto 19th April, 2011 at a remuneration comprising of Basic Salary of Rs. 5,00,000/- per month and Special Pay of 1,50,000/- per month aggregating to Rs.6,50,000/- (Rupees Six Lakh and Fifty Thousand only) per month and upon the terms and conditions embodied in the agreement placed before this meeting and initiated by the Chairman for the purpose of identification.

- 10) 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 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, the approval of members of the Company be and is hereby accorded for payment of commission to Mr. Jatin R. Mehta, Chairman (Non-Executive Director) of the Company at the rate of half percent (0.50%) of the Net Profit of the Company for the year, for a period of five years commencing from financial year 2011-12 to 2015-16.

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 connected with aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all action and to do all such acts, deeds and things as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders.

- 11) 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 Non-Resident Indians (NRIs) in the shares of the Company, under Foreign Direct Investments Scheme or by

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purchase / acquisition from the market under the Portfolio Investment Scheme or by any other permitted mode under FEMA and other statutes, upto an aggregate of 24% of the paid-up equity share capital of the Company or such other maximum ceiling/limit as may be prescribed from time to time.

- 12) To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as a **Special 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.75,00,00,000/- (Rupees Seventy Five Crore only) divided into 7,50,00,000 (Seven Crore and Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each be and is hereby increased to Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crore only) divided into 15,00,00,000 (Fifteen Crore) 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. 150,00,00,000/- (Rupees One Hundred and Fifty Crore only) divided into 15,00,00,000 (Fifteen Crore) 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 others 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 process 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.

RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the existing Article 4 of the Articles of Association of the Company relating to Capital be and is hereby altered by substituting in its place, the following as new Article 4:

4. The Authorised Share Capital of the Company shall be as mentioned in Clause V of Memorandum of Association of the Company.

The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the Depositories and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.

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

Place : Mumbai
Date : 9th August, 2011

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 Wednesday, 21st September, 2011 to Friday, 30th September, 2011 (both days inclusive) to determine the entitlement of shareholders to receive dividend for the year ended 31st March, 2011.
- 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 Tuesday, 20th September, 2011 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 Tuesday, 20th September, 2011.
- 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, 2005 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
31.03.2005 (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
31.03.2010 (01.04.2009–31.03.2010)	30.09.2010	30.09.2017

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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 Pvt. 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: rnt.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 Pvt. Limited:
 - 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 Pvt. 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 Pvt. 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) **Ministry of Corporate Affairs (MCA) has issued Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). In view of the above, Company proposes to send all future shareholder's communication like Notices, Company's Annual Reports etc. through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.**

We intend using shareholder's e-mail id to send various Notices / Correspondences etc. in future. If your e-mail is not registered with your Depository Participant, kindly register the same at the earliest.

In case you are holding shares in physical mode, please forward your e-mail id to the Company or its Registrar, M/s. Link Intime India Pvt. Limited.

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

Item No. 6

Mr. Dilip P. Tikle was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 14th February, 2011. Mr. Dilip P. Tikle will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Dilip P. Tikle for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Dilip P. Tikle is a Fellow of Institute of Electronics and Telecommunication Engineers (FIETE). He has also been the Scientific Advisor for Defense to Prime Minister for his significant contribution to Integrated Guided Missile Development Program (IGMDP). Mr. Dilip Tikle has received several recognitions and awards including "Pride of ACTS" of C-DAC at 28th Convocation to a more offbeat "Gun Gaurav Padak" of Pune Municipal Corporation for saving lives at Lakshadweep Island. His mission is "effective use of ICT for masses, especially in the field of education and governance." Mr. Dilip Tikle is closely associated with many NGO's who are working in the field of education, innovation and eco-sustainable village development in remote and tribal area.

In the beneficial interest of the Company, your Directors recommend the ordinary resolution for approval.

None of the Directors of the Company other than Mr. Dilip P. Tikle is in any way, concerned or interested in the said resolution.

Item No. 7

Mr. Lakhpatraj Bhansali was inducted on Board as an Additional Director of the Company by the Board of Directors at its meeting held on 19th April, 2011. Mr. Lakhpatraj Bhansali will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Lakhpatraj Bhansali for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Lakhpatraj Bhansali is a Science Graduate and specializes in monitoring of Diamond cutting and polishing units and has experience of jewellery business.



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In the beneficial interest of the Company, your Directors recommend the ordinary resolution for approval.

None of the Directors of the Company other than Mr. Lakhpatraj Bhansali is in any way, concerned or interested in the said resolution.

Item No. 8

Mr. Lakhpatraj Bhansali has also been appointed as the Whole-time Director of the Company by the Board of Directors, subject to the approval of members in general meeting, for a period of five years with effect from 19th April, 2011 on the following terms:

Sr. No.	Particulars	Amount (Rs.)
	REMUNERATION	
1	Basic Salary	3,00,000/- per month
	PERQUISITES	
2	Leave Travel Expenses/ Allowances	Once in a year for self and family subject to a ceiling of one month's basic salary
3	Medical Expenses	Reimbursement of actual medical expenses for self and family
4	Provident Fund/ Leave Encashment/ Gratuity/Personal Accident Insurance/ Car/Telephone	As per Rules of the Company
5	Club Fees	Reimbursement of club fees for two clubs

OTHER TERMS AND CONDITIONS:

The Whole-time Director will be entitled to one months' leave with full pay and allowance for every eleven months of service. Such leave may be accumulated in accordance with the Company's rules and practice in force from time to time.

Subject to as aforesaid, Mr. Lakhpatraj Bhansali will be governed by such other existing services Rules of the Company as may be in force from time to time, during his tenure of office as Whole-time Director.

In the event of loss or inadequacy of profits in any financial year, Mr. Lakhpatraj Bhansali shall subject to the approval of the Central Government, if any required, be paid remuneration by way of Salary and Perquisites as specified above, subject to the restrictions, if any, set out in Schedule XIII to the Companies Act, 1956, from time to time.

So long as Mr. Lakhpatraj Bhansali functions as Whole-time Director of the Company, he shall not be subject to retirement by rotation and shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

As required under the provisions of section 302 of the Companies Act, 1956 the Company has already sent to all the members of the Company, abstract of the terms and conditions of appointment of Mr. Lakhpatraj Bhansali. The said appointment is subject to the consent of the members in the present Annual General Meeting. Mr. Lakhpatraj Bhansali is a Science Graduate and specializes in monitoring of Diamond cutting and polishing units and has experience of jewellery business. He has been associated with the Company since inception. Mr. Lakhpatraj Bhansali is holding 2,009 Equity Shares of the Company.

In the beneficial interest of the Company, your Directors recommend the ordinary resolution for your approval.

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

Item No. 9

Mr. Jatin R. Mehta was re-appointed as the "Chairman-cum-Managing Director" of the Company by the Board of Directors, subject to the approval of members in general meeting, pursuant to the applicable provisions of the Companies Act, 1956 for a period of five years with effect from 1st February, 2011 on the following terms:

Sr. No.	Particulars	Amount (Rs.)
	REMUNERATION	
1	Basic Salary	5,00,000/- per month
2	Special Pay	1,50,000/- per month
	PERQUISITES	
3	Leave Travel Expenses/ Allowances	Once in a year for self and family subject to a ceiling of one month's basic salary
4	Medical Expenses	Reimbursement of actual medical expenses for self and family
5	Provident Fund/ Leave Encashment/ Gratuity/Personal Accident Insurance/ Car/Telephone	As per Rules of the Company
6	Club Fees	Reimbursement of club fees for two clubs

The Company has business interests overseas and operates globally through subsidiaries in U.S.A., Antwerp, U.A.E. and Hong Kong. Owing to evolving business scenario and resultant opportunities vis-à-vis infrastructure and over-all business profile of the Company and its overseas subsidiaries, Mr. Mehta is required to engage himself comprehensively with overseas operations which entail extensive travel away from India for execution of business plans and accordingly Mr. Mehta on 19th April, 2011 relinquished the position of "Managing Director" of the Company and continues as a Non-Executive Director and oversees operations as the Chairman.

Your Directors recommend the ordinary resolution for your approval for appointment of Mr. Jatin R. Mehta as Chairman-cum-Managing Director and payment of remuneration to Mr. Jatin R. Mehta for period 1st February, 2011 to 19th April, 2011.

None of the Directors of the Company except Mr. Jatin R. Mehta is, in any way, concerned or interested in the said resolution.

Item No. 10

Mr. Jatin R. Mehta, with his expertise in the gems and jewellery industry, has potentials, which can significantly contribute in the functioning of the Company and therefore the Board of Directors of the Company, subject to the approval of members, have decided to remunerate Mr. Jatin Mehta by way of commission @ half percent (0.50%) of net profits of the Company. According to the provisions of section 309 (4)

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of the Companies Act, 1956 a Director who is not in whole-time employment of the company may be paid remuneration by way of commission if the company by special resolution authorizes such payment; provided the remuneration paid to such director(s) shall not exceed, in aggregate, one percent of the net profits of the company, if the company has a whole-time director. It is proposed to pay commission to Mr. Jatin R. Mehta at the rate of half percent of the Net Profit of the Company for the year, for a period of five years commencing from financial year 2011-12 to 2015-16.

Your Directors recommend the special resolution for your approval for payment of commission of half percent of net profits of the company to Mr. Jatin R. Mehta.

None of the Directors of the Company except Mr. Jatin R. Mehta is, in any way, concerned or interested in the said resolution.

Item No.11

As per the Master Circular on Foreign Investment in India issued by the Reserve Bank of India under Foreign Exchange Management Act, 1999 the aggregate paid-up value of shares of any company purchased by all Non-Resident Indians (NRIs) should not exceed 10 percent of the paid-up capital of the company which can be raised upto 24 percent if a special resolution to that effect is passed by the shareholders of the company.

The raising of ceiling will result in increased scope for NRIs to invest in the shares of the Company. Your Directors recommend the special resolution for your approval for increase of aggregate ceiling of investment by Non-Resident Indians (NRIs) to 24 percent of paid-up capital of the Company.

Your Directors recommend the special resolution for your approval in increase of limit of investment by NRIs.

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

Item No. 12

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) Equity Shares of Rs. 10/- (Rupees Ten only) each.

It is considered necessary to increase the Authorised Share Capital of the Company from Rs.75,00,00,000/- (Rupees Seventy Five Crore only) divided into 7,50,00,000 (Seven Crore and Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs.150,00,00,000/- (Rupees One Hundred and Fifty Crore only) divided into 15,00,00,000 (Fifteen Crore) 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 and Article 4 of the Articles of Association be suitably amended as set out in the special resolution of the Notice.

Your directors recommend the special 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 1.00 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 : 9th August, 2011

Shivprakash K. Singh
Company Secretary



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

DIRECTORS' REPORT

To
The Members

The Directors have pleasure in presenting the Twenty-fifth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

(Rs. in Crore)

	Financial Year Ended 31st March, 2011	Financial Year Ended 31 st March, 2010
Total Income	4268.66	3045.45
Profit before Interest and Depreciation	141.00	110.89
Less: Finance Charges (Net)	15.63	29.33
Depreciation	7.14	7.82
Profit before Tax	118.23	73.75
Provision for Tax	6.56	8.08
Profit after Tax	111.67	65.66
Add: Balance in Profit and Loss Account Brought Forward	175.33	123.37
Add: Excess/(Short) provision for Expenses/Income/ Tax for earlier year	(0.02)	(0.46)
Profit Available for Appropriation	286.98	188.57
Proposed Dividend	8.36	6.19
Corporate Tax on Proposed Dividend	1.39	1.05
Transfer to General Reserve	10.00	3.00
Transfer to General Reserve - Foreign Exchange/ Metal Price Fluctuation	10.00	3.00
Balance Carried Forward	257.23	175.33
Total	286.98	188.57

DIVIDEND AND APPROPRIATIONS

The Board of Directors has recommended payment of Dividend @ 12.5% (One Rupee and Twenty Five Paise per Equity Share) for the year ended 31st March, 2011, subject to approval of the Shareholders.

An amount of Rs. 10 Crore has been transferred to General Reserve and Rs. 10 Crore to General Reserve – Foreign Exchange/Metal Price Fluctuation.

OPERATIONS

Total income from operations during the year increased by 40% to Rs. 4268.66 Crore from Rs. 3045.45 Crore in the previous year. Profit before Interest and Depreciation increased to Rs. 141.00 Crore as compared with Rs. 110.89 Crore during the previous year. Net profit for the year increased by 70% to Rs. 111.67 Crore as compared to Rs. 65.66 Crore for the previous year.

The improvement in Company's performance was driven by sustained demand from international markets.

PREFERENTIAL ISSUE OF EQUITY SHARES AND WARRANTS

During the year under review the Company made preferential issue of 50,00,000 Equity Shares of Rs.10 each at a price of Rs.70 per share (including premium) to the Foreign Institutional Investors (FIIs). An amount of Rs.35 Crore has been raised through the preferential issue for augmenting the working capital resources and to meet the requirements of growth of the Company.

Simultaneous with above issue of Equity Shares to FIIs on 14th October, 2010, 34,00,000 Convertible Warrants have been allotted to promoter group company, namely Kohinoor Diamonds Private Limited. The price at which each Warrant shall be exercised in to Equity Share of Rs.10 each is Rs.70 per instrument (including premium). An amount equivalent to 25% of the price has been paid on each Warrant at the time of allotment of Warrants and the balance 75% will be payable on allotment of Equity Share. An amount of Rs.5.95 Crore has been raised through preferential issue of Warrants. The Warrant holder has, against each Warrant held, the right to apply for and be allotted one Equity Share of the face value of Rs. 10, against each Warrant held upon payment in cash of balance 75% per Warrant, on allotment of Equity Shares at any time within a period of 18 months from the date of allotment (14th October, 2010) of Warrants.

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 and general exemption given by Ministry of Corporate Affairs, Government of India, 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.

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DIRECTORS

In accordance with the Articles of Association of the Company, Mr. G.P. Gupta and Mr. Madan B. Khurjekar, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

Mr. Sharad B. Bhagwat has been appointed on 14th February, 2011 as director to fill up the casual vacancy caused by resignation of Gen. Tej Krishen Kaul. The Board of Directors wish to place on record its gratitude for the contribution made by Gen. Tej Krishen Kaul during his tenure as a director of the Company.

Mr. Dilip P. Tikle has been appointed on 14th February, 2011 as an Additional Director of the Company and holds office upto the date of forthcoming Annual General Meeting.

Mr. Lakhpatraj Bhansali has been inducted on Board as an Additional Director of the Company with effect from 19th April, 2011 and holds office upto the date of forthcoming Annual General Meeting. Mr. Lakhpatraj Bhansali has also been appointed as "Whole-time Director" by the Board of Directors, subject to the approval of members of the Company.

The Company has business interests overseas and operates globally through subsidiaries in U.S.A., Antwerp, U.A.E. and Hong Kong. Owing to evolving business scenario and resultant opportunities vis-à-vis infrastructure and over-all business profile of the Company and its overseas subsidiaries Mr. Jatin R. Mehta is required to engage himself comprehensively with overseas operations which would entail extensive travel away from India for execution of business plans and accordingly Mr. Jatin R. Mehta relinquished the position of "Managing Director" of the Company on 19th April, 2011 and continues as a Non-Executive Director and oversee operations as "Chairman". Mr. Mehta continues to devote his full time and attention to the Group's over-all business and lead the Group's global operations.

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.

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.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of the Company were in receipt of remuneration in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 including Companies (Particulars of Employees) Amendment Rules, 2011 and Companies (Amendment) Act, 1988.

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, 2011 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; and
- (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.



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

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 in achievement of results.

LISTING

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

INTERNAL CONTROL SYSTEM

The Company's internal control system, governed by well framed policies and guidelines, is supplemented by well-established audit process 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 system, appraises periodically about activities and audit findings to the Audit Committee, statutory auditors and the management.

BOARD COMMITTEES

In addition to Audit Committee and Shareholders/Investors Grievances Committee, the Board of Directors on 19th April, 2011 has constituted following Committees:

(i) Executive Committee

Executive Committee comprising of Mr. Jatin R. Mehta, Mr. Madan B. Khurjekar and Mr. Lakhpatrij Bhansali, Directors of Company to carry on the executive authority in management of the Company.

(ii) Remuneration Committee

Remuneration Committee comprising of Mr. Jatin R. Mehta, Mr. Madan B. Khurjekar and Mr. Sharad B. Bhagwat, Directors of Company to deal with and approve remuneration of executive directors including pension rights and any compensation payment.

(iii) Nomination Committee

Nomination Committee comprising of Mr. Jatin R. Mehta, Mr. Madan B. Khurjekar and Mr. Sharad B. Bhagwat, Directors of Company to deal with criteria for appointment of new directors, searches for new directors who meet the criteria and develop a policy on the size and composition of the Board.

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
10th May, 2011

Jatin R. Mehta
Chairman

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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:

- | | | |
|--|---|-------------------------------------|
| <ul style="list-style-type: none"> (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover | } | Included in the manufacturing cost. |
|--|---|-------------------------------------|

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:

- | | | |
|--|---|-----|
| <ul style="list-style-type: none"> (a) Technology Imported (b) Year of Import (c) Has technology been fully absorbed (d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action | } | Nil |
|--|---|-----|

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. 4,154.15 Crore
Total Foreign Exchange Used	Rs. 4,220.72 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
10th May, 2011

Jatin R. Mehta
Chairman

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



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

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, 2011, the Board of Directors comprised of seven members, out of which six are Independent Directors. Mr. Jatin R. Mehta, Executive Director was the Chairman of the Board as on 31st March, 2011.

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, 2011. These were held on 11th May, 2010, 6th August, 2010, 26th August, 2010, 13th November, 2010 and 14th February, 2011.

The following table gives attendance of the Directors in the Board Meetings alongwith the attendance in the Annual General Meeting held on 30th September, 2010:

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	3	No
Mr. G. P. Gupta	Non-Executive Director & Independent Director	5	4	No
Gen. Tej Krishen Kaul*	Non-Executive Director & Independent Director	4	4	No
Mrs. Shrelekha V. Parikh	Non-Executive Director & Independent Director	5	4	No
Mr. Madan B. Khurjekar	Non-Executive Director & Independent Director	5	5	Yes
Mr. Sharad B. Bhagwat **	Non-Executive Director & Independent Director	1	1	No
Mr. Dilip P. Tikle **	Non-Executive Director & Independent Director	1	1	No

* Director upto 18th November, 2010

** Appointed 14th February, 2011

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, 2011 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	12	1	2
Mr. G. P. Gupta	Non-Executive Director & Independent Director	13	5	3
Gen. Tej Krishen Kaul	Non-Executive Director & Independent Director	5	Nil	Nil
Mrs. Shrelekha V. Parikh	Non-Executive Director & Independent Director	Nil	Nil	Nil
Mr. Madan B. Khurjekar	Non-Executive Director & Independent Director	1	Nil	1
Mr. Sharad B. Bhagwat	Non-Executive Director & Independent Director	Nil	Nil	Nil
Mr. Dilip P. Tikle	Non-Executive Director & Independent Director	Nil	Nil	Nil

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 2010-11. (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	43,00,000	43,00,000
2.	Mr. K. N. Bhandari	30,000	Nil	Nil	30,000
3.	Mr. G. P. Gupta	45,000	Nil	Nil	45,000
4.	Gen. Tej Krishen Kaul	40,000	30,000	Nil	70,000
5.	Mrs. Shrilekha V. Parikh	45,000	35,000	Nil	80,000
6.	Mr. Madan B. Khurjekar	55,000	45,000	Nil	1,00,000
7.	Mr. Sharad B. Bhagwat	15,000	15,000	Nil	30,000
8.	Mr. Dilip P. Tikle	15,000	Nil	Nil	15,000
	Total				46,70,000

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 signed declaration 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

As on 31st March, 2011 the Company had two committees of the Board, Audit Committee and Shareholders/Investors Grievance 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:

Audit Committee

As on 31st March, 2011 the Audit Committee comprised of three Independent Directors, Mr. Madan B. Khurjekar (Chairman), Mrs. Shrilekha V. Parikh and Mr. Sharad B. Bhagwat.

Mr. Sharad B. Bhagwat was appointed as a member of the Audit Committee on 14th February, 2011 in place of Gen. Tej Krishen Kaul who had resigned.

Four Audit Committee Meetings were held during the financial year 2010-2011. These were held on 11th May, 2010, 6th August, 2010, 13th November, 2010 and 14th February, 2011. 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	4
Mrs. Shrilekha V. Parikh	Member	3
Gen. Tej Krishen Kaul *	Member	3
Mr. Sharad B. Bhagwat **	Member	1

* up to 18th November, 2010

** since 14th February, 2011

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 Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 30th September, 2010 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.
- 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.



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- 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) Shareholders/Investors Grievances Committee

As on 31st March, 2011 the Shareholders/Investors Grievances Committee comprised of Mrs. Shrilekha V. Parikh (Chairperson), Mr. Jatin R. Mehta and Mr. Madan B. Khurjekar.

Mrs. Shrilekha V. Parikh has been appointed as a member of the Committee on 14th February, 2011 in place of Gen. Tej Krishen Kaul.

The Shareholders/Investors 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	11/05/2010	3	3
2	06/08/2010	3	3
3	13/11/2010	3	3
4	14/02/2011	3	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, 2011 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	Hong Kong

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

SHAREHOLDERS

Appointment / Re-appointment of Directors

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

Mr. G.P. Gupta and Mr. Madan B. Khurjekar, Directors, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

The brief particulars of Mr. G.P. Gupta and Mr. Madan B. Khurjekar are given below:

Mr. G.P. Gupta

Mr. G.P. Gupta was appointed as a Director of the Company on 26th July, 2005. He was the Chairman-cum-Managing Director of Industrial Development Bank of India and was also the Chairman of Unit Trust of India. He specializes in the field of General Management, Financial Management and Banking. He is Non-Executive Independent Director of the Company. Other Directorship held by Mr. G.P. Gupta as on 31st March, 2011 are as follows:

1. Baroda Pioneer Asset Management Company Limited
2. SIDBI Venture Capital Limited
3. Dighi Port Limited
4. Swaraj Engines Limited
5. Birla Sun Life Insurance Company Limited
6. Aditya Birla Nuvo Limited
7. Emkay Global Financial Services Limited
8. Landmark Property Development Company Limited
9. Idea Cellular Limited
10. Lodha Developers Limited
11. Lodha Elevation Buildcon Private Limited
12. Aditya Birla Capital Advisors Private Limited
13. Avam Technologies Private Limited

Mr. Madan B. Khurjekar

Mr. Madan B. Khurjekar was appointed as Director on 31st January, 2010 in the casual vacancy caused by demise of Mr. G. Bharkatia. Mr. Khurjekar was General Manager of Central Bank of India. He has represented the Bank at International Seminars held at Cambridge London and United States of America. Mr. Khurjekar was on Board of Central Warehousing Corporation, a Mini Ratna of Government of India. He is Non-Executive Independent Director of the Company and also Chairman of Audit Committee. Mr. Khurjekar is also Director of Forever Precious Jewellery and Diamonds Limited.

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Mr. Dilip P. Tikle

Mr. Dilip P. Tikle was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 14th February, 2011.

Mr. Dilip P. Tikle is a Fellow of Institute of Electronics and Telecommunication Engineers (FIETE). He has also been the Scientific Advisor for Defense to Prime Minister for his significant contribution to Integrated Guided Missile Development Program (IGMDP). Mr. Dilip Tikle has received several recognitions and awards including "Pride of ACTS" of C-DAC at 28th Convocation to a more offbeat "Gun Gaurav Padak" of Pune Municipal Corporation for saving lives at Lakshadweep Island. His mission is "effective use of ICT for masses, especially in the field of education and governance." Mr. Dilip Tikle is closely associated with many NGO's who are working in the field of education, innovation and eco-sustainable village development in remote and tribal area.

Mr. Lakhpatraj Bhansali

Mr. Lakhpatraj Bhansali has been inducted on Board as an Additional Director of the Company with effect from 19th April, 2011 and holds office upto the date of forthcoming Annual General Meeting. Mr. Lakhpatraj Bhansali has also been appointed as "Whole-time Director" by the Board of Directors, subject to the approval of members of the Company.

Mr. Lakhpatraj Bhansali is a Science Graduate and specializes in monitoring of Diamond cutting and polishing units and has experience of jewellery business. He has been associated with the Company since inception. Mr. Lakhpatraj Bhansali holds 2,009 Equity Shares of the Company. Mr. Lakhpatraj Bhansali is also Director of Professional Diamonds 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 Financial Express/Business Standard/Mumbai Samachar 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
2007-2008	Mahida Bhavan Icchanath Opp. S.V.R. Engineering College, Dumas Road, Surat 395007	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.
2009-2010		30 th September, 2010 ***	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:

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

*** The following Special Resolutions were passed at the Annual General Meeting held on 30th September, 2010:

- Preferential issue of equity shares to Foreign Institutional Investors (FIIs).
- Preferential issue of convertible warrants to Promoter Group.
- Increase of limit of investment for Foreign Institutional Investors (FIIs) to 65%.

General Shareholder Information:

Annual General Meeting:

Date, time and venue

30th September, 2011, 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, 2011

Second week of August, 2011

Results for the quarter ending 30th September, 2011

Second week of November, 2011

Results for the quarter ending 31st December, 2011

Second week of February, 2012

Results for year ending 31st March, 2012

Last week of May, 2012

Date of Book Closure Period

21st September, 2011 to 30th September, 2011

Dividend Payment Date

On or after 30th September, 2011

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

Bombay Stock Exchange Limited

Scrip Code: 507892

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai 400 023

National Stock Exchange of India Limited

Symbol: SURAJDIAMN

Exchange Plaza, C-1, Block-G

Series : EQ

Bandra-Kurla Complex

Bandra (East), Mumbai 400 051

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, 2010	53.05	47.00	52.95	47.40	18047.86	17276.80
May, 2010	53.45	46.50	53.15	45.15	17536.86	15960.15
June, 2010	54.45	47.90	54.50	48.10	17919.62	16318.39
July, 2010	61.25	49.75	61.20	50.15	18237.56	17395.58
August, 2010	71.90	55.01	71.85	55.10	18475.27	17819.99
September, 2010	70.35	62.05	76.35	61.00	20267.98	18027.12
October, 2010	68.40	61.20	68.30	56.00	20854.55	19768.96
November, 2010	75.85	56.50	76.50	57.00	21108.64	18954.82
December, 2010	63.35	48.25	63.80	48.10	20552.03	19074.57
January, 2011	58.90	45.00	59.00	44.55	20664.80	18038.48
February, 2011	52.50	39.10	52.50	39.10	18690.97	17295.62
March, 2011	52.00	45.00	54.00	45.10	19575.16	17792.17



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Registrar and Transfer Agent:

Link Intime India Pvt. 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 Pvt. Limited** whose address is given above. Shareholder's/Investor's Grievance 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) 40916333

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, 2011 are 6,33,97,861 shares representing 94.84% of Share Capital. The Equity Shares of the Company are frequently traded at Bombay Stock Exchange Limited and National Stock Exchange of India Limited (BSE and NSE).

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

34,00,000 Convertible Warrants have been allotted to promoter group company, namely Kohinoor Diamonds Private Limited. The price at which each Warrant shall be exercised in to Equity Share of Rs.10 each is Rs.70 per instrument (including premium). An amount equivalent to 25% of the price has been paid on each Warrant at the time of allotment of Warrants and the balance 75% will be payable on allotment

of Equity Shares. An amount of Rs.5.95 Crore has been raised through preferential issue of Warrants. The Warrant holder has, against each warrant held, the right to apply for and be allotted one Equity Share of the face value of Rs. 10, against each Warrant held upon payment in cash of balance 75% per Warrant, on allotment of Equity Shares at any time within a period of 18 months from the date of allotment (14th October, 2010) of Warrant. The Share Capital will increase by 34,00,000 Equity Shares on exercise of right by warrant holder.

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 - 600 045.

Distribution of Shareholding as on 31st March, 2011

CATEGORY	NO. OF SHARES HELD	% OF SHARE HOLDING
A. Promoter's Holding		
1. Promoters		
Indian Promoters	2,45,63,748	36.75
Foreign Promoters	-	-
2. Persons acting in Concert	-	-
Sub Total	2,45,63,748	36.75
B. Non-Promoters Holding		
3. Institutional Investor		
a. Mutual Funds and UTI	36,500	0.05
b. Banks, Financial Institutions (Central/State Government Institutions/Non-Government Institutions)	39,593	0.06
c. Insurance Companies	-	-
d. FII's	2,59,54,337	38.83
Sub Total	2,60,30,430	38.94
4. Others		
a. Private Corporate Bodies	15,15,564	2.27
b. Indian Public	1,41,47,231	21.16
c. NRIs	5,87,085	0.88
d. Any Other (Non-executive Directors and their Relatives)	200	
Sub Total	1,62,50,080	24.31
GRAND TOTAL	6,68,44,258	100.00

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Shareholding Pattern as on 31st March, 2011

Shareholding of nominal value of Rs.	No. of Share-holders	% to Total	Total Shares	% to Total
Up to 5,000	43,828	89.90	65,71,764	9.83
5,001 to 10,000	2,935	6.02	22,57,566	3.38
10,001 to 20,000	1,109	2.27	16,82,480	2.52
20,001 to 30,000	309	0.63	7,77,164	1.16
30,001 to 40,000	141	0.29	5,08,842	0.76
40,001 to 50,000	130	0.26	6,10,078	0.91
50,001 to 1,00,000	182	0.37	13,37,773	2.00
1,00,001 and above	130	0.26	5,30,98,591	79.44
Total	48,764	100.00	6,68,44,258	100.00

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 (Chairman), Lakhpatraj Bhansali (Whole-time Director) and Jaikumar 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, 2011 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 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, 2011.

Jatin R. Mehta
Chairman

Jaikumar Kapoor
Chief Financial Officer

Mumbai
10th May, 2011

Lakhpatraj Bhansali
Whole-time Director

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



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 Insurance Company of India Limited		Audit Committee
		Credence Logistics Limited		
		Ispat Energy Limited		
		Magma Fincorp Limited		
		Hindalco Industries Limited		
		Saurashtra Cement Limited		
		Shristi Infrastructure Development Corporation Limited	Audit Committee	
		Magma HDI General Insurance Company Limited		
		NRC Limited		
		KSL Industries Limited		
		Midas Asset Reconstruction Company Private Limited		
		3	Mr. G. P. Gupta	Baroda Pioneer Asset Management Company Limited
SIDBI Venture Capital Limited				
Dighi Port Limited				
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 Company Limited	Audit Committee			
Idea Cellular Limited				Audit Committee
Lodha Developers Limited	Audit Committee			Remuneration Committee
Lodha Elevation Buildcon Private Limited				
Aditya Birla Capital Advisors Private Limited				Audit Committee
Avam Technologies Private Limited				
4	Mrs. Shrelekha V. Parikh	Nil		
5	Mr. Madan B. Khurjekar	Forever Precious Jewellery and Diamonds Limited	Audit Committee	
6	Mr. Sharad B. Bhagwat	Nil		
7	Mr. Dilip P. Tikle	Nil		

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Management Discussion and Analysis

Industry Structure and Development:

Gems and jewellery exports had a stellar run in financial year 2010-11, recording a 47% growth in value terms, against 16% growth in previous year.

The Diamond exports increased by 55% during financial year 2010-11, while gold jewellery exports increased by 33%.

Gold and diamond exports in aggregate accounted for about 95% of India's gems and jewellery exports. The gems and jewellery sector, in turn, contributed nearly 17% to the total Indian exports in financial year 2010-11.

The share of diamond exports in the total gems and jewellery exports has gone up from 62% to 65% in financial year 2010-11.

A sparkling performance, however, a part of this growth was attributable to the rise in the prices of polished diamonds. After plunging on falling demand during the slowdown, diamond prices have risen over 50% in financial year 2010-11, while rough diamond prices have surpassed pre-crises levels.

Growth in gold jewellery exports was a massive 33% during financial year 2010-11 – a low base effect, since previous financial year saw low exports in the wake of the global recession.

It needs to be noted that a major portion of gold jewellery demand arises from India alone.

Going forward, the European market still appears mired in depressed demand, while the sustainability of the nascent US demand is yet to be seen.

Su-Raj Diamonds and Jewellery Limited has reported a 40% increase in sales at Rs. 4253.56 Crore for the year ended 31st March, 2011. Net profit during the year was Rs. 111.66 Crore as against Rs. 65.66 Crore during the previous year, registering an increase of 70%.

Segment wise / Product wise Performance:

Sale of Diamonds during the year 2010-2011 was Rs. 844.48 Crore, whereas the Sale of Jewellery was Rs. 3,409.08 Crore, representing 19.85% and 80.15% of the total turnover respectively.

Statement of continent-wise sales for year 2010-2011:

Continent	Sale (Rs. Crore)	Percentage
North America	604.63	14.22%
Europe	750.50	17.64%
Middle East	2,282.49	53.66%
Asia	615.94	14.48%
Grand Total	4,253.56	100.00%

Financial and Operating Performance:

Income

The income for the year increased by 40% to Rs. 4265.43 Crore as against Rs. 3045.45 Crore in the previous year.

Profit

The Operating Profit Before charging Depreciation, Interest and Tax (PBIDT) amounted to Rs. 141.00 Crore.

The Profit Before Tax (PBT) for the year under review was Rs. 118.23 Crore compared to Rs. 73.74 Crore during the previous year. The Profit After Tax (PAT) increased by 70% to Rs. 111.66 Crore from Rs. 65.66 Crore in the previous year.

Earning Per Share

The Earning Per Share for the year was Rs. 17.39 (previous year Rs. 12.69).

Dividend

Dividend of 12.5% has been recommended by the Board of Directors for financial year ended 31st March, 2011 (Previous year : 10%).

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:

The outlook for gems and jewellery industry is positive.

The gold and silver prices have been moving up consistently for the past two years on the back of spiraling inflation, rising crude prices, debt worries in Europe and the geopolitical tensions in the Middle East and North Africa. In the last one year, the price of gold has moved up by 30%. It appears that the gold's bull run will continue for the time being.

Su-Raj Diamonds and Jewellery Limited being a nominated agency for direct import of gold has bright business prospects ahead.

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
10th May, 2011

Jatin R. Mehta
Chairman



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, 2011, 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 : 10th MAY, 2011

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
- (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 : 10th MAY, 2011

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, 2011 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 have 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 58AA 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,



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

- 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.
 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 under Section 301 of the Companies Act, 1956. Therefore, the provision 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: 10th MAY, 2011

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BALANCE SHEET AS AT 31st MARCH, 2011

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. SOURCES OF FUNDS				
1. Shareholders' Funds :				
a) Share Capital	1	667,071,505		617,067,930
b) Subscription for Share Warrants		8,500,000		—
c) Reserves and Surplus	2	8,907,298,836		7,537,245,426
			9,582,870,341	8,154,313,356
2. Loan Funds :	3			
Secured Loans			5,369,945,810	4,865,260,859
3. Deferred Tax Liability (Net)			52,245,199	56,598,306
	TOTAL		15,005,061,350	13,076,172,521
II. APPLICATION OF FUNDS				
1. Fixed Assets :				
a) Gross Block	4	1,056,629,172		1,028,577,306
Less : Depreciation		522,832,280		454,156,953
Net Block		533,796,892		574,420,353
b) Capital Work-in-Progress		12,332,228		4,058,704
			546,129,120	578,479,057
2. Investments	5		1,549,446,360	1,249,444,806
3. Current Assets, Loans and Advances :	6			
a) Inventories		4,914,048,183		4,251,894,901
b) Sundry Debtors		24,462,162,925		18,722,983,540
c) Cash and Bank Balances		3,707,391,218		1,862,867,440
d) Loans and Advances		512,642,867		433,966,535
		33,596,245,193		25,271,712,416
Less : Current Liabilities and Provisions :	7			
a) Current Liabilities		20,434,001,505		13,865,784,068
b) Provisions		252,757,818		157,679,690
		20,686,759,323		14,023,463,758
Net Current Assets			12,909,485,870	11,248,248,658
	TOTAL		15,005,061,350	13,076,172,521
NOTES ON 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, 10th May, 2011

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta Chairman
L. R. Bhansali Whole-time Director
K. N. Bhandari
G. P. Gupta
Shrilekha V. Parikh
Madan B. Khurjekar
Sharad B. Bhagwat
Dilip P. Tikle Directors



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. INCOME				
Sales		42,535,669,308		30,361,941,615
Surplus in Bullion Trading	8	47,729,127		4,600,655
Other Income	9	103,184,578		87,939,846
			42,686,583,013	30,454,482,116
II. EXPENDITURE				
Material Cost	10	40,940,678,305		29,089,944,825
Manufacturing and Other Expenses	11	335,895,788		255,652,091
			41,276,574,093	29,345,596,916
III. PROFIT				
Profit before Interest and Depreciation			1,410,008,920	1,108,885,200
Finance Charges (Net)		156,266,968		293,231,594
Depreciation		71,448,941		78,237,690
			227,715,909	371,469,284
Profit Before Tax			1,182,293,011	737,415,916
Provision for Tax				
a) Current		70,000,000		60,000,000
b) Deferred Tax		(4,353,107)		20,782,192
			65,646,893	80,782,192
Profit After Tax			1,116,646,118	656,633,724
Balance brought forward from Previous Year			1,753,325,609	1,233,706,583
			2,869,971,727	1,890,340,307
Add :				
Excess/(Short) Provision for Expenses/ Income of earlier years (Net)			(172,345)	(5,049,797)
Excess/(Short) Provision for Tax (Net)			(14,070)	389,789
Profit available for appropriation	TOTAL		2,869,785,312	1,885,680,299
IV. APPROPRIATIONS				
Proposed Dividend			83,555,323	61,844,258
Tax on Dividend			13,877,495	10,510,432
Transfer to General Reserve			100,000,000	30,000,000
Transfer to General Reserve-Foreign Exchange/ Metal Price Fluctuation			100,000,000	30,000,000
Balance carried to Balance Sheet			2,572,352,494	1,753,325,609
	TOTAL		2,869,785,312	1,885,680,299
Earnings per share (Basic & Diluted)			17.39	12.69
NOTES ON 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

For and on behalf of the Board

Jatin R. Mehta

Chairman

L. R. Bhansali

Whole-time Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Madan B. Khurjekar

Sharad B. Bhagwat

Dilip P. Tikle

Directors

Mumbai, 10th May, 2011

Shivprakash K. Singh
Company Secretary

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 1 : SHARE CAPITAL			
AUTHORISED			
75,000,000 Equity Shares of Rs. 10/- each (Previous year - 70,000,000 Equity Shares of Rs. 10/- each)		750,000,000	700,000,000
ISSUED & SUBSCRIBED			
66,844,258 Equity Shares of Rs. 10/- each (Previous year - 61,844,258 Equity Shares of Rs. 10/- each)		668,442,580	618,442,580
PAID-UP			
66,844,258 Equity Shares of Rs. 10/- each (Previous year - 61,844,258 Equity Shares of Rs. 10/- each, fully paid up). Less : Calls unpaid (Other than from Directors)		668,442,580 1,371,075 667,071,505	618,442,580 1,374,650 617,067,930
Notes :			
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.50,000,000/- represents 5,000,000 Equity Shares of Rs.10/- each fully paid up, issued to FII's 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 Issues as per last Balance Sheet Add : Premium received in respect of shares during the year	2,584,174,830 300,000,000		1,988,014,830 596,160,000
	2,884,174,830		2,584,174,830
Less : Allotment / Call Money in Arrears As per Last Balance Sheet Less : Received during the year	5,754,041 26,525 5,727,516		5,834,476 80,435 5,754,041
		2,878,447,314	2,578,420,789
3) Premium received on Subscription of Share Warrants issued and allotted during the year		51,000,000	-
4) General Reserve As per last Balance Sheet Add : Amount transferred from Profit and Loss Account	2,720,157,690 100,000,000		2,690,157,690 30,000,000
		2,820,157,690	2,720,157,690
5) General Reserve - Foreign Exchange / Metal Price Fluctuation As per last Balance Sheet Add : Amount transferred from Profit and Loss Account	435,000,000 100,000,000		405,000,000 30,000,000
		535,000,000	435,000,000
6) Surplus in Profit and Loss Account		2,572,352,494	1,753,325,609
		8,907,298,836	7,537,245,426
SCHEDULE 3 : LOAN FUNDS			
SECURED LOANS			
1) Working Capital Credit Facilities from Consortium of Banks (including Ad-hoc Credit Facilities) Export Packing Credits and Post Shipment Advances. The Company has Non Fund Based Credit Facilities of Rs. 2520 Crores (Previous Year : Rs.2013 Crores)		3,712,263,839	3,042,179,619
2) Short Term Funded Credit Facilities from Banks upon Interchangeability from Non Fund Based Credit limits and part of (1) above.		1,616,194,915	1,766,799,661
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 and Machinery, Fixtures and 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. and 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. and Kohinoor Diamonds Pvt. Ltd. (c) Term Deposits of Rs.18.25 Crores held by the Bank under lien and (d) Personal Guarantee of a Director and further by Term Deposits held as Cash Margin for Non Fund Based limits.			



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
3) Buyers' Credit Facilities from Banks (Secured by Letters of Undertaking issued by Banks in India) Less : 100% covered by Term Deposits with Banks as per contra - Refer Schedule 6	5,527,548,903		4,223,998,597
	5,527,548,903		4,223,998,597
(Term Deposits pledged with the banks Rs.587.54 Crores as at 31/03/2011 & Rs.479.52 Crores as at 31/03/2010 for securing obligations in respect of Buyers' Credit Facilities)			
4) Term Loan from Bank Term Loan availed for Wind Mill is secured by Hypothecation of Wind Mill and is 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.15,837,600/-)		40,043,076	55,975,888
5) Hire Purchase Credits from Bank/NBFC Hire Purchase Credits are secured by Hypothecation of vehicles acquired therefrom (Loan repayable in next 12 months Rs.727,392/- Previous Year : Rs. Nil)		1,443,980	305,691
		5,369,945,810	4,865,260,859

SCHEDULE 4 : FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010 Rs.	Addition During the Year Rs.	Sales During the Year Rs.	As at 31/03/2011 Rs.	As at 01/04/2010 Rs.	Sales During the Year Rs.	Provided During the Year Rs.	Upto 31/03/2011 Rs.	As at 31/03/2011 Rs.	As at 31/03/2010 Rs.
	Leasehold Land	7,232,169	-	-	7,232,169	357,618	-	33,429	391,047	6,841,122
Factory Premises	159,394,768	281,899	-	159,676,667	66,299,562	-	9,201,293	75,500,855	84,175,812	93,095,206
Office Premises	165,693,556	-	-	165,693,556	37,526,329	-	6,408,361	43,934,690	121,758,866	128,167,227
Plant & Machinery	406,604,614	18,109,662	1,193,960	423,520,316	226,552,411	1,121,047	24,907,994	250,339,358	173,180,958	180,052,203
Furniture & Fixture	45,983,306	507,662	-	46,490,968	24,205,503	-	3,999,604	28,205,107	18,285,861	21,777,803
Electrical Installation	50,514,267	624,728	-	51,138,995	25,419,524	-	3,528,875	28,948,399	22,190,596	25,094,743
Equipments	25,898,513	883,948	131,250	26,651,211	11,459,721	10,304	2,083,183	13,532,600	13,118,611	14,438,792
Air-Conditioners	18,698,626	250,236	-	18,948,862	8,992,969	-	1,360,003	10,352,972	8,595,890	9,705,657
Computers	30,704,895	5,090,952	-	35,795,847	22,961,262	-	3,588,738	26,550,000	9,245,847	7,743,633
Vehicles	6,990,724	4,033,794	2,062,880	8,961,638	4,794,260	1,642,263	1,170,705	4,322,702	4,638,936	2,196,464
Moulds & Dies	18,278,731	1,657,075	-	19,935,806	5,336,809	-	4,078,237	9,415,046	10,520,760	12,941,922
Wind Mill	92,583,137	-	-	92,583,137	20,250,985	-	11,088,519	31,339,504	61,243,633	72,332,152
	1,028,577,306	31,439,956	3,388,090	1,056,629,172	454,156,953	2,773,614	71,448,941	522,832,280	533,796,892	574,420,353
Previous Year	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

NOTE :

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.

	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 : 7,300) Equity Shares of AED 1000 each of Su-Raj Diamonds and Jewellery DMCC, fully paid-up	96,721,065		96,721,065
23,400,000 (Previous Year : 23,400,000) Equity Shares of 1 HK \$ each of Su-Raj Diamond (H.K.) Ltd., fully paid-up	119,985,000		119,985,000
		729,342,115	729,342,115

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	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
26,350,000 (Previous Year : 16,350,000) Equity Shares of Rs. 10 each of Forever Precious Jewellery and Diamonds Limited, fully paid-up	769,210,802		469,210,802
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 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
		820,014,851	520,014,851
In Mutual Fund (Quoted)			
8,339.40 (Previous year : 8,183.03) Units of Rs. 10/- each of Principle Cash Management Fund Dividend Reinvestment Daily (Formerly Principle Mutual Fund) Market value as on 31/03/2011 Rs. 83,410; (Previous Year: Rs. 81,848)		83,394	81,840
		1,549,446,360	1,249,444,806
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES			
A. Current Assets			
Inventories (As certified by a Director)			
I. Stores and Spare Parts (At Cost)		8,363,217	8,116,552
II. Stock-in-Trade			
(i) Raw Materials (Valued "At Cost" or "Net Realisable Value", whichever is lower)			
Diamonds	14,611,267		464,795,878
Gold and Alloy	3,420,361,280		2,610,106,990
Precious, Semi-precious and Other Stones	13,308,818		14,210,915
Others	13,385,932		2,569,098
	3,461,667,297		3,091,682,881
(ii) Finished Goods (Valued "At Cost" or "Net Realisable Value", whichever is lower) Diamonds, Plain and Studded Jewellery	1,444,017,669		1,152,095,468
		4,905,684,966	4,243,778,349
		4,914,048,183	4,251,894,901
TOTAL 'A'			
B. Sundry Debtors			
(Unsecured, considered good)			
Debts outstanding for a period exceeding six months	1,487,958,242		2,182,478,685
Other Debts	22,974,204,683		16,540,504,855
		24,462,162,925	18,722,983,540



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)			
UNQUOTED (AT COST) :			
C. Cash and Bank Balances			
Cash on hand	1,077,052		1,146,177
Balance with Scheduled Banks :			
In Current Account (including cheques on hand Rs. Nil; Previous Year: Rs. 43,774)	481,325,537		166,035,380
In Fixed Deposit Accounts :			
Fixed Deposits with Banks	8,752,537,532		5,919,684,480
Less : Buyers Credit Facilities fully secured by deposits pledged with the Banks as per contra Refer Schedule 3	5,527,548,903		4,223,998,597
	<u>3,224,988,629</u>		<u>1,695,685,883</u>
		3,707,391,218	<u>1,862,867,440</u>
TOTAL 'B'		28,169,554,143	<u>20,585,850,980</u>
D. Loans and Advances (Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	352,547,561		352,886,714
Advance payment of Income-tax	160,095,306		81,079,821
		512,642,867	<u>433,966,535</u>
TOTAL 'C'		512,642,867	<u>433,966,535</u>
TOTAL 'A' + 'B' + 'C'		33,596,245,193	<u>25,271,712,416</u>
SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
a) Sundry Creditors	20,405,482,354		13,849,153,911
b) Due to Directors	470,000		250,000
c) Bank Overdraft	420,105		1,194,907
d) Unclaimed Dividend	10,251,277		10,303,799
e) Other Liabilities	17,377,769		4,881,451
		20,434,001,505	<u>13,865,784,068</u>
B. Provisions			
a) Taxation	155,325,000		85,325,000
b) Proposed Dividend	83,555,323		61,844,258
c) Tax on Dividend	13,877,495		10,510,432
		252,757,818	<u>157,679,690</u>
TOTAL		20,686,759,323	<u>14,023,463,758</u>
SCHEDULE 8 : SURPLUS IN BULLION TRADING			
Sales of Bullion	9,165,748,807		593,980,351
Less: Material Cost			
Opening Stock	185,681,698		—
Add: Purchases of Bullion	8,932,337,982		775,061,394
	<u>9,118,019,680</u>		<u>775,061,394</u>
Less: Closing Stock of Bullion	—		185,681,698
	<u>9,118,019,680</u>		<u>589,379,696</u>
		47,729,127	<u>4,600,655</u>
Surplus in Bullion Trading		47,729,127	<u>4,600,655</u>
SCHEDULE 9 : OTHER INCOME			
Interest Received		481,570	2,265,608
(Tax deducted at source Rs. 2,418; Previous Year Rs. 129,824)			
Labour Charges Received		82,758,119	61,386,847
(Tax deducted at source Rs. 1,650,866; Previous Year Rs. 1,299,270)			
Profit on Sale of Assets (Net)		381,050	12,737,560
Dividend Received		284,058	1,141,688
Rent Received		969,000	504,000
Proceeds from surrender of Keyman Insurance Policy		16,389,675	—
Miscellaneous Receipts		1,921,106	9,904,143
		103,184,578	<u>87,939,846</u>
TOTAL		103,184,578	<u>87,939,846</u>

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SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 10 : MATERIAL COST			
Raw Materials Consumed			
Opening Stock	2,906,001,182		2,111,530,428
Add : Purchases	40,791,532,509		29,975,768,820
	43,697,533,691		32,087,299,248
Less : Closing Stock	3,461,667,298		2,906,001,182
		40,235,866,393	29,181,298,066
Goods Traded in			
Opening Stock	—		—
Add : Purchases	996,721,647		106,860,000
	996,721,647		106,860,000
Less : Closing Stock	—		—
		996,721,647	106,860,000
(Increase) / Decrease in Finished Goods			
Opening Stock of Finished Goods	1,152,095,468		953,861,114
Add : Purchases	12,466		21,113
	1,152,107,934		953,882,227
Closing Stock of Finished Goods	1,444,017,669		1,152,095,468
(Accretion) / Decretion in stock		(291,909,735)	(198,213,241)
TOTAL		40,940,678,305	29,089,944,825
SCHEDULE 11 : MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages and Bonus	43,752,405		31,928,256
Contribution to Provident and other Funds	1,781,586		1,852,403
Workmen and Staff Welfare Expenses	3,336,044		1,604,726
		48,870,035	35,385,385
Directors' Remuneration		4,670,000	3,870,000
Labour Charges		129,006,449	96,116,411
Assortment and Valuation Charges		4,600,710	3,492,124
Packing Materials Consumed		307,718	173,264
Stores and Spare Parts Consumed		14,357,343	11,147,853
Electricity Charges		9,399,996	9,941,437
Freight and Forwarding		12,421,348	8,863,454
Postage, Telephone, Telex and Fax Charges		2,657,817	2,934,109
Advertisement and Sales Promotion Expenses		2,002,937	1,924,383
Rent, Rates, Taxes and Duties (Including Rs. 905,600; Previous Year Rs. 939,036 towards Stamp Duty)		7,252,984	5,916,617
Travelling Expenses		6,644,516	5,958,014
Printing and Stationery		1,767,696	1,388,447
Licence, Registration and Other Fees		924,408	909,634
Repairs and Maintenance of :			
Buildings	1,358,751		599,089
Plant and Machinery	2,581,366		2,523,745
Others	3,905,996		4,667,162
		7,846,113	7,789,996
Insurance Charges (Including Rs. 20,226,721; Previous Year Rs. 19,340,747 for ECGC Premium reimbursed to banks)		23,236,841	21,894,858
Legal and Professional Charges		24,474,750	16,947,052
Miscellaneous Expenses		13,237,127	9,304,653
Donations		22,217,000	11,694,400
TOTAL		335,895,788	255,652,091



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 12 :

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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 are in conformity with generally accepted accounting principles which 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 (Gold, Studded and Plain Jewellery and Diamonds) are valued "At Cost" or "Net Realisable Value", whichever is lower.
- Stores and Spares are valued "At Cost".
- Closing stock of Goods at Bullion Division are valued "At Cost" or "Net Realisable Value", whichever is lower.

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.
- The Company has adopted AS – 11 in relation to its foreign exchange transactions Including derivatives and options.
 - 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, where applicable, are 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

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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 Define 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, 1961.

(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 periods 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) Estimated amounts of contracts remaining to be executed on Capital Account	985,453	(835,770)
(b) EPCG Benefits (Customs Duties payable if export obligations not met)	25,585,000	(21,565,200)
(c) Guarantees given to the banks for Foreign Subsidiaries	869,700,000	(540,000,000)
Total	896,270,453	(724,400,970)

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	1,200,000	(800,000)
(b) Tax Audit Fees	150,000	(70,000)
(c) As advisor or in any other capacity in respect of certification charges	303,000	(219,500)
(d) Reimbursement of expenses and Service Tax	224,446	(192,065)
Total	1,877,446	(1,281,565)

4. The Financial Charges includes Bank Charges of Rs.187,838,267 (Rs. 181,193,010) Bank Interest paid Rs.442,407,166 (Rs.429,808,969) and Bank Interest Received on Fixed Deposits Rs.473,978,466 (Rs. 317,770,385).

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. The details as provided by the Insurance Company for the year ended 31st March, 2011 are reproduced here below:

a) **Defined Contribution Plan:**

The Company has recognized Rs. 1,781,586 (Rs. 1,852,403) towards contribution made to Employees Provident and family Pension Fund.

b) **Defined Benefit Plan:**

(1) **Assumption**

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(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, 2011	As on 31 st March, 2010
(a)	Present Value of Obligation as at beginning of year	1,767,876	1,650,179
(b)	Interest Cost	141,430	132,014
(c)	Past Service Cost	Nil	Nil
(d)	Current Service Cost	341,744	388,058
(e)	Curtailment Cost/(Credit)	Nil	Nil
(f)	Settlement Cost/(Credit)	Nil	Nil
(g)	Benefits Paid	(78,386)	Nil
(h)	Actuarial Gain/(Loss) on obligation	352,545	(402,375)
(i)	Present Value of Obligation as at 31 st March, 2011	2,525,209	1,767,876

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(3) Change in the Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Fair Value of Plan Assets as at 1 st April, 2010	2,222,520	626,609
(b)	Expected Return on Plan Assets	194,395	112,900
(c)	Employer's Contributions	863,054	1,483,011
(d)	Benefits Paid	(78,386)	Nil
(e)	Actuarial Gain/(Loss) on Plan Assets	Nil	Nil
(f)	Fair Value of Plan Assets as at 31 st March, 2011	3,201,583	2,222,520

(4) Table showing Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Fair Value of Plan Assets at beginning of year	2,222,520	626,609
(b)	Actual return on Plan Assets	194,935	112,900
(c)	Contributions	863,054	1,483,011
(d)	Benefits Paid	(78,386)	Nil
(e)	Fair Value of Plan Assets at the year end	3,201,583	2,222,520
(f)	Funded Status	676,374	454,644
(g)	Excess of Actual over Estimated Return on Plan Assets (Actual Rate of Return = Estimated Rate of Return as ARD falls on 31 st March)	Nil	Nil

(5) Actuarial Gain/Loss recognized

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Actuarial Gain/(Loss) for the year-Obligation	352,545	402,375
(b)	Actuarial Gain/(Loss) for the year-Plan Assets	Nil	Nil
(c)	Total Gain/(Loss) for the year – Obligation	(352,545)	(402,375)
(d)	Actuarial Gain/(Loss) recognized in the year	(352,545)	(402,375)

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

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Present Value of Obligations as at the end of year	2,525,209	1,767,876
(b)	Fair Value of Plan Assets as at the end of the year	3,201,583	2,222,520
(c)	Funded Status	676,374	454,644
(d)	Net Assets/(Liability) recognized in Balance Sheet	(676,374)	(454,644)

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

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Current Service cost	341,744	388,058
(b)	Interest Cost	141,430	132,014
(c)	Expected Return on Plan Assets	(194,395)	(112,900)
(d)	Net Actuarial (Gain)/Loss recognized in the year	352,545	(402,375)
(e)	Expenses recognized in Statement of Profit and Loss	641,324	4,797

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.1,004,747,767 (Rs.1,543,510,417) 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 including option contracts and forward contract, amounting to Rs. 4.54 Crores (Rs.8.41 Crores) 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.273,887 (Rs. Nil).
- The Company has during the year issued 3,400,000 share warrants of Rs. 10/- each at a premium of Rs. 60/- per warrant to their sister concern Kohinoor Diamonds Private Limited. The said warrants are to be exchanged for Equity shares within a period of 18 months from the date of issue i.e. 14th October, 2010. A sum of Rs.59,500,000 (cost of share warrants Rs. 8,500,000 and premium amounting Rs.51,000,000) has been received.
- 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 2002-03 amounting to Rs.1,470,340/-; (2001-2002 Rs.1,020,294) 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. As certified by the management, the transactions were entered into for hedging based on underlying exposure and in accordance with Risk Management Policy of the Company and relevant guidelines issued by RBI. As disclosed by the Company, transactions outstanding on the balance sheet date which may entail loss in subsequent period were in respect of Forward Contracts for hedging foreign exchange exposure in relation to receivable and payable numbering to 116 (55) amounting to Rs. 1,934.69 Crores (Rs.238.02 Crores) and Option Contracts numbering to 4 (Nil) amounting to Rs.160.56 Crores (Rs. Nil).
- The Engineering Division at Jodhpur has closed its operation. During the year it has incurred a loss of Rs. Nil (Rs.0.06 lacs). The carrying value of the total assets to be disposed off at Jodhpur is Rs.100.64 lacs (Rs.100.64 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, 2011

(A) INFORMATION ABOUT PRIMARY BUSINESS SEGMENT (Rs. Lakhs)

	Diamond	Jewellery	Bullion	Un-allocated	Total
REVENUE					
(A) Sales	84,448 (71,315)	331,176 (232,306)		9,732 (-)	425,356 (303,621)
(B) Other Income			477 (46)	1032 (879)	1,509 (925)
RESULTS					
Profit Before Interest, Depreciation And Tax	2,509 (2,374)	11,075 (8,542)	477 (46)	39 (127)	14,100 (11,089)
Depreciation	302 (284)	412 (498)			714 (782)
Profit Before Interest	2,207 (2,090)	10,663 (8,044)	477 (46)	39 (127)	13,386 (10,307)
Interest and Financial Charges					1,563 (2,933)
Profit Before Tax					11,823 (7,374)
Provision For Tax (Including Deferred Tax)					656 (808)
Profit After Tax					11,167 (6,566)
OTHER INFORMATION					
Segment Assets	59,844 (57,638)	230,347 (177,896)	9,032	57,694 (35,463)	356,918 (270,997)
Segment Liabilities	38,588 (32,906)	209,174 (149,840)	8,491 (3,836)	4,314 (2,306)	260,567 (188,888)
Share Capital and Reserves					95,829 (86,044)
Deferred Taxation					522 (566)
Non-cash expenses other than depreciation					Nil (Nil)

(B) INFORMATION ABOUT SECONDARY BUSINESS SEGMENT :

STATEMENT OF CONTINENT-WISE SALES

	(FY 2010-11)		(FY 2009-10)	
	Rs. Lakhs	%	Rs. Lakhs	%
North America	60,465	14.22	54,250	17.87
Europe	75,050	17.64	52,323	17.23
Middle East	228,249	53.66	175,843	57.92
Asia And Far East	61,592	14.48	21,203	6.98
Total	425,356	100.00	303,619	100.00



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15. As per the 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 mentioned herein below:

List of Related Parties :	Particulars
Subsidiaries	Su-Raj Diamonds N. V. Su-Raj Diamonds & Jewelry USA, Inc. Su-Raj Diamonds and Jewellery DMCC Su-Raj Diamond (H.K.) Limited
Associates	Forever Precious Jewellery and Diamonds Limited Su-Raj Diamond Dealers Limited 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 and 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 Oriental Expressions DMCC
Relative of key management personnel	Sonia J. Mehta

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A. Transactions for the year ended 31.03.2011

	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	114,346,759 (4,289,219)	77,258,830 (3,709,626)	3,695,846,862 (655,414,427)	Nil (Nil)	3,887,452,451 (663,413,272)
2. Sales	154,899,277 (784,965,880)	4,668,893,636 (190,733,676)	Nil (132,775,349)	Nil (Nil)	4,823,792,913 (1,108,474,905)
3. Sales of Fixed Assets	Nil (Nil)	Nil (530,357)	Nil (305,000,000)	Nil (Nil)	Nil (305,530,357)
4. Labour charges paid	Nil (Nil)	196,000 (132,242)	Nil (2,520,700)	Nil (Nil)	196,000 (2,652,942)
5. Labour Charges received	Nil (Nil)	12,446,480 (2,832,088)	577,333 (17,149,661)	Nil (Nil)	13,023,813 (19,981,749)
6. Loan Given	Nil (Nil)	122,500 (161,175,000)	Nil (139,664,477)	Nil (Nil)	122,500 (300,839,477)
7. Loan Received back	Nil (Nil)	122,500 (161,175,000)	Nil (Nil)	Nil (Nil)	122,500 (161,175,000)
8. Loan Taken	Nil (Nil)	1,000,000 (Nil)	Nil (Nil)	Nil (Nil)	1,000,000 (Nil)
9. Interest Received	Nil (Nil)	Nil (1,298,243)	Nil (Nil)	Nil (Nil)	Nil (1,298,243)
10. Dividend Received	Nil (Nil)	Nil (986,865)	Nil (Nil)	Nil (Nil)	Nil (986,865)
11. Guarantee Given	329,000,000 (540,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	329,000,000 (540,000,000)
12. Equity Contribution	Nil (94,195,130)	300,000,000 (Nil)	Nil (Nil)	Nil (Nil)	300,000,000 (94,195,130)
13. Remuneration	Nil (Nil)	Nil (Nil)	Nil (Nil)	4,300,000 (3,600,000)	4,300,000 (3,600,000)
14. Issue of share warrants	Nil (Nil)	Nil (Nil)	59,500,000 (Nil)	Nil (Nil)	59,500,000 (Nil)

B. Outstanding as on 31.03.2011

1. Debtors	8,548,595 (471,161,856)	311,043,998 (96,492,780)	213,936,439 (3,755,868)	Nil (Nil)	533,529,032 (571,410,504)
2. Creditors	86,266,310 (2,923,934)	4,905,626 (9,821,731)	260,250,120 (200,303,653)	Nil (Nil)	351,422,056 (213,049,318)

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. 2,592,444 (Rs. 3,330,773).

Minimum future lease rentals payable are :

	Rupees	Rupees
(a) Payable within one year	2,725,000	(2,868,207)
(b) Payable within one year and five years	7,300,000	(8,604,621)
(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 and Machinery after 01/10/2002 and Building after 01/08/2001 are :

	Rupees	Rupees
(a) Receivable within one year	969,000	(660,000)
(b) Receivable between one year and five years	879,000	(1,320,000)
(c) Receivable after five years	Nil	(Nil)



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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		1,116,646,118	(656,633,724)
Weighted Average No. of Equity Shares		64,022,218	(51,695,834)
Shares as at the beginning of the year	A	61,844,258	(43,844,258)
Shares allotted during the year	B	5,000,000	(18,000,000)
Date of allotment		14.10.2010	(21.10.2009)
Effective No. of shares (allotted during the year)			
for calculation of EPS on the basis of No. of days	C	2,315,068	(7,989,041)
Total Shares for calculation of EPS (A+C)	D	64,159,326	(51,833,299)
Less: Shares which are partly paid - to the extent of 50%	E	274,215	(274,930)
50% thereof	F	137, 108	(137,465)
Weighted Average No. of Equity Shares for EPS (D+F)		64,022,218	(51,695,834)
Total Shares as at the close of the year (A+B)		66,844,258	(61,844,258)
Earnings per Share		17.39	(12.69)

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 Asset for the year aggregating to Rs.4,353,107 (Liability of Rs. 20,782,192) has been recognized in the Profit and Loss Account, the details of which are as under :

Particulars	Balance carried as at 31.3.2010 Rupees	Arising during the year Rupees	Balance carried as at 31.3.2011 Rupees
Deferred Tax Assets (Depreciation)	-	4,353,107	-
Deferred Tax Liabilities (Depreciation)	(56,598,306)	(-)	(52,245,199)
Net	(56,598,306)	4,353,107	(52,245,199)

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 :

	Rupees	Rupees
Salaries	4,300,000	(3,600,000)
Meeting Fees	370,000	(270,000)
Total	4,670,000	(3,870,000)

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 :

	Rupees	Rupees
Profit before tax as per Profit and Loss Account	1,182,293,011	(737,415,916)
Add: Managerial Remuneration	4,300,000	(3,600,000)
Less: Profit on sale of fixed assets	381,050	(12,737,560)
Profit for Director's Commission	1,186,211,911	(728,278,356)
Calculation of Commission @ 1% of the net profit	11,862,119	(7,282,783)
As per schedule XIII to the Companies Act, 1956		
Restricted to	N.A.	(N.A.)

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22. In accordance with Notification dated 8th February, 2011 issued by Ministry of Corporate Affairs, the Company has been exempted from disclosing quantitative details, etc. prescribed under Section 211 of the Companies Act, 1956 in Profit and Loss Account and Notes to Accounts thereon (Part II of Schedule VI).

23. 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:

	<u>Rupees</u>	<u>Rupees</u>
a) Value of Imports on CIF basis		
Raw Materials	42,195,685,289	28,956,620,614
Stores and Spares	2,599,391	1,303,172
Capital Goods	8,521,950	9,117,646
	42,206,806,630	28,957,923,786
b) Expenditure in foreign currency on account of		
Travelling Expenses	207,238	147,991
Advertisement	-	31,393
	207,238	179,384
c) i) Break-up of the value of Raw Materials Consumed :	<u>Rupees</u>	<u>Percentage</u>
Imported	32,662,832,908	82
	(25,863,647,759)	(89)
Indigenous	7,573,033,485	18
	(3,317,650,306)	(11)
	40,235,866,393	100
	(29,181,298,065)	(100)
ii) Break-up of Stores and Spares Consumed :		
Imported	2,676,733	19
	(2,635,626)	(24)
Indigenous	11,680,610	81
	(8,512,227)	(76)
	14,357,343	100
	(11,147,853)	(100)
d) Remittance of dividend in foreign currency :		
No. of Non-Resident Shareholders	237	NA
No. of shares held by them	151,507	NA
Dividend Year	2009-2010	2008-2009
Dividend Amount	Rs.151,507	NA
e) Earning in Foreign Exchange :	<u>Rupees</u>	<u>Rupees</u>
i) Export of Goods on F.O.B. basis	41,541,483,034	30,303,561,026
ii) Recovery of Freight and Insurance	8,108,521	6,977,808
	41,549,591,555	30,310,538,834



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

24. 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, studded jewellery)

	<u>Diamond Division</u>	<u>Jewellery Division</u>
i) Licensed Capacity	Not Applicable	Not Applicable
ii) Installed Capacity	Not Applicable	Not Applicable
iii) Actual Production	422,767 cts. (823,806 cts.)	15,874,320 gms. (14,510,842 gms.)

25. Capital Work-in-Progress comprises of :

	<u>Rupees</u>	<u>Rupees</u>
Plant and Machinery	7,485,313	3,947,822
Factory/Office Building	3,071,844	-
Electrical Installation	1,046,223	5,723
Furniture and Fixture	530,555	105,159
Equipment	198,294	-
Total	12,332,229	4,058,704

26. 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).

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

28. 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, 10th May, 2011

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta	Chairman
L. R. Bhansali	Whole-time Director
K. N. Bhandari	} Directors
G. P. Gupta	
Shrilekha V. Parikh	
Madan B. Khurjekar	
Sharad B. Bhagwat	
Dilip P. Tikle	

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rupees in Lakhs)

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	11,823	7,374
Adjustments for :		
Depreciation	714	782
Finance Charges (Net)	1,563	2,932
Excess/Short provision for Expenses/Income for earlier year	(2)	(46)
(Profit)/Loss on Sale of Assets (Net) and Investment	-	(127)
Operating Profit before Working Capital Changes	14,098	10,915
Adjustments for :		
Trade and Other Receivables	(58,212)	(16,176)
Inventories	(6,622)	(11,770)
Trade Payable	64,892	23,940
	14,156	6,909
Taxes Paid	(656)	(392)
Cash generated from Operating Activities	13,500	6,517
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(390)	(204)
Sale of Fixed Assets	34	3,068
Purchase of Investments	(3,000)	(2,294)
Interest Received	4,740	3,178
Net Cash from Investing Activities	1,384	3,748
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Premium	3,510	5,962
Proceeds from Short Term Borrowings	5,046	(1,555)
Proceeds from Share Capital	585	1,800
Interest and Bank Charges Paid	(6,303)	(6,110)
Dividend Paid with Tax	723	-
Net cash from Financing Activities	3,561	97
Net increase/(decrease) in cash and cash equivalent (A+B+C)	18,445	10,362
Cash and Cash Equivalent as at 1 st April, 2010 (Opening Balance)	18,629	8,267
Cash and Cash Equivalent as at 31 st March, 2011 (Closing Balance)	37,074	18,629

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, 10th May, 2011

Jaikumar Kapoor
Chief Financial Officer

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman

L. R. Bhansali

Whole-time Director

K. N. Bhandari
G. P. Gupta
Shrilekha V. Parikh
Madan B. Khurjekar
Sharad B. Bhagwat
Dilip P. Tikle

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	31/03/2011		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	50,000

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

Total Liabilities	35,691,820	Total Assets	35,691,820
Sources of Funds			
Paid up Capital	667,072	Reserves and Surplus	8,907,299
Subscription for Share Warrants	8,500	Deferred Tax Liability	52,245
Secured Loans	5,369,946		
Application of Funds			
Net Fixed Assets	546,129	Investments	1,549,446
Net Current Assets	12,909,486	Misc. Expenditure	-
Accumulated Losses	NIL		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	42,686,583	Total Expenditure	41,504,290
Profit Before Tax	1,182,293	Profit after Tax	1,116,646
Earnings per shares in Rs.	17.39	Dividend Rate (%)	12.50

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

For and on behalf of the Board

Jatin R. Mehta	Chairman
L. R. Bhansali	Whole-time Director
K. N. Bhandari	} Directors
G. P. Gupta	
Shrilekha V. Parikh	
Madan B. Khurjekar	
Sharad B. Bhagwat	
Dilip P. Tikle	

Mumbai, 10th May, 2011

Shivprakash K. Singh
Company Secretary

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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, 2011	31 st March, 2011	31 st March, 2011	31 st March, 2011
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 Profits/(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, 2011	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the Company for the year ended 31 st March, 2011	Euro 787,076*	US \$ 81,631	AED 3,005,263	HK \$ 1,237,192
6. Net aggregate amount of Profits/(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, 2011	Nil	Nil	Nil	Nil
b) not dealt with in the accounts of the company for the year ended 31 st March, 2011	Euro 386,905	US\$ 174,374	AED 3,918,928	HK \$ 543,348

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

For and on behalf of the Board

Jatin R. Mehta

Chairman

L. R. Bhansali

Whole-time Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Madan B. Khurjekar

Sharad B. Bhagwat

Dilip P. Tikle

Directors

Mumbai, 10th May, 2011

Shivprakash K. Singh
Company Secretary



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Auditor's Report on the Consolidated Financial Statements

The Board of Directors

We have audited the attached Consolidated Balance Sheet of **Su-Raj Diamonds Group as at 31st March, 2011**, 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 NV (100 %)*, Su-Raj Diamonds and Jewelry USA, Inc. (100 %), Su-Raj Diamond (HK) Ltd. (100 %) and Su-Raj Diamonds and Jewellery DMCC (100 %) subsidiaries for the year 1st April, 2010 to 31st March, 2011 and of the associate companies viz Forever Precious Jewellery and Diamonds Limited, Su-Raj Diamond Dealers 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.29,353 lacs at 31st March 2011, the total revenue of Rs.60,592 lacs and cash flow amounting Rs. 1044 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, 2011;
- (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: 10th May, 2011

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.) Ltd	Hong Kong	100	
ASSOCIATES			
Su-Raj Diamonds Dealers Ltd.	India	40	
Forever Precious Jewellery and Diamonds Ltd.	India	45.43	
Revah Corporation Ltd.	India	49	

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
a) Share Capital	1	667,071,505		617,067,930
b) Subscription for Share Warrants		8,500,000		-
c) Reserves and Surplus	2	9,546,285,365		7,987,333,761
			10,221,856,870	8,604,401,691
2. Loan Funds :				
a) Secured Loans	3	6,134,650,973		5,671,314,123
b) Unsecured Loans		199,871		24,643
			6,134,850,844	5,671,338,766
3. Deferred Tax Liability (Net)				
			52,176,655	56,589,346
TOTAL			16,408,884,369	14,332,329,803
II. APPLICATION OF FUNDS :				
1. Fixed Assets :				
a) Gross Block	4	1,097,906,377		1,066,365,818
Less : Depreciation		535,849,247		465,625,617
Net Block		562,057,130		600,740,201
b) Capital Work-in-Progress		12,332,229		4,058,704
			574,389,359	604,798,905
2. Investments				
	5		1,172,040,817	783,825,735
3. Current Assets, Loans and Advances :				
a) Inventories	6	5,743,259,682		4,779,243,470
b) Sundry Debtors		26,149,738,504		19,879,001,998
c) Cash and Bank Balances		3,901,799,201		1,952,895,050
d) Loans and Advances		568,261,357		604,523,216
		36,363,058,744		27,215,663,734
Less : Current Liabilities and Provisions :				
a) Current Liabilities	7	21,445,833,923		14,113,070,579
b) Provisions		254,770,628		158,887,992
		21,700,604,551		14,271,958,571
Net Current Assets			14,662,454,193	12,943,705,163
TOTAL			16,408,884,369	14,332,329,803

NOTES TO ACCOUNTS

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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, 10th May, 2011

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman

L. R. Bhansali

Whole-time Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Madan B. Khurjekar

Sharad B. Bhagwat

Dilip P. Tikle

Directors

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
I. INCOME				
Sales		48,282,086,189		33,960,331,264
Surplus in Bullion Trading	8	47,729,127		4,600,655
Other Income	9	146,249,713		100,800,476
			48,476,065,029	34,065,732,395
II. EXPENDITURE				
Material Cost	10	46,524,655,968		32,564,134,728
Manufacturing and other expenses	11	403,671,572		311,022,990
			46,928,327,540	32,875,157,718
III. PROFIT				
Profit before Interest and Depreciation			1,547,737,489	1,190,574,677
Finance Charges (Net)		194,162,134		320,127,604
Depreciation		72,674,226		78,426,103
			266,836,360	398,553,706
Profit Before Tax			1,280,901,129	792,020,971
Provision for Tax				
a) Current		72,949,710		60,099,137
b) Deferred Tax		(4,413,777)		20,772,835
			68,535,933	80,871,972
Profit After Tax			1,212,365,196	711,148,999
Share of Profit of Associates (Net)			158,754,772	138,812,772
			1,371,119,968	849,961,771
Balance brought forward from Previous Year			2,091,335,587	1,385,512,825
			3,462,455,555	2,235,474,596
Add :				
Excess/(Short) Provision for Expenses/ Income of earlier years (Net)			(65,690,679)	1,359,892
Excess/(Short) Provision for Tax (Net)			14,070	389,789
Profit available for appropriation	TOTAL		3,396,750,806	2,237,224,277
IV. APPROPRIATIONS				
Proposed Dividend			83,555,323	61,844,258
Tax on Dividend			13,877,495	10,510,432
Transfer to General Reserve			103,016,000	43,534,000
Transfer to Exchange Fluctuation Reserve			100,000,000	30,000,000
Balance carried to Balance Sheet			3,096,301,988	2,091,335,587
	TOTAL		3,396,750,806	2,237,224,277
Earnings per share (Basic & Diluted)			21	16

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, 10th May, 2011

Shivprakash K. Singh
Company Secretary

For and on behalf of the Board

Jatin R. Mehta

Chairman

L. R. Bhansali

Whole-time Director

K. N. Bhandari

G. P. Gupta

Shrilekha V. Parikh

Madan B. Khurjekar

Sharad B. Bhagwat

Dilip P. Tikle

Directors

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
SCHEDULE 1 : SHARE CAPITAL			
Authorised 75,000,000 Equity Shares of Rs. 10/- each (Previous Year : 70,000,000 Equity Shares of Rs. 10/- each)		750,000,000	700,000,000
Issued and Subscribed 66,844,258 Equity Shares of Rs. 10/- each (Previous Year : 61,844,258 Equity Shares of Rs. 10/- each)		668,442,580	618,442,580
Paid-up 66,844,258 Equity Shares of Rs. 10/- each (Previous Year : 61,844,258 Equity Shares of Rs. 10/- each) Less: Calls Unpaid - Other than Directors		668,442,580 1,371,075	618,442,580 1,374,650
TOTAL		667,071,505	617,067,930
SCHEDULE 2 : RESERVES AND SURPLUS			
Capital Reserve As per last Balance Sheet		64,433,859	64,433,859
Share Premium Account Premium Receivable Less : Call/Allotment Money in Arrears	2,884,174,830 5,727,516		2,584,174,830 5,754,041
Premium received on Subscription of Share Warrants issued and allotted during the year		2,878,447,314	2,578,420,789
General Reserve As per last Balance Sheet Add : Amount transferred from Profit and Loss Account	2,746,445,627 103,016,000		2,702,911,627 43,534,000
General Reserve - Foreign Exchange Fluctuation As per last Balance Sheet Add : Amount transferred from Profit and Loss Account	435,000,000 100,000,000	2,849,461,627	2,746,445,627
Foreign Currency Translation Reserve As per last Balance Sheet Add : Exchange Difference	71,697,899 (57,322)	535,000,000	435,000,000
Surplus in Profit and Loss Account		71,640,577 3,096,301,988	71,697,899 2,091,335,587
TOTAL		9,546,285,365	7,987,333,761
SCHEDULE 3 : LOAN FUNDS			
(i) Secured Loans			
1. Working Capital Credit Facilities from Consortium of Banks (including Ad-hoc Credit Facilities) The Company has Non Fund Based Credit Facilities of Rs. 2520 Crores (Previous Year : Rs.2013 Crores)		4,476,969,002	3,848,232,882
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 (c) Term Deposits of Rs.18.25 Crores held by the Bank under lien and (d) Personal Guarantee of a Director and further by Term Deposits held as Cash Margin for Non Fund Based limits.		1,616,194,915	1,766,799,661
3. Buyers' Credit Facilities from Banks (Secured by Letters of Undertaking issued by Banks in India) Less : 100% secured by Term Deposits with Banks as per contra - Refer Schedule 6	5,527,548,903 5,527,548,903		4,223,998,597 4,223,998,597
			-
			-
(Term Deposits pledged with the banks Rs.587.54 Crores as at 31.03.2011 & Rs.479.52 Crores as at 31.03.2010 for securing obligations in respect of Buyers' Credit Facilities)			



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULE 3 : LOAN FUNDS (Contd.)

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
(i) Secured Loans			
4. Term Loan from Bank Term Loan availed for Wind Mill is secured by Hypothecation of Wind Mill and is 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.15,837,600)		40,043,076	56,281,579
5. Hire Purchase Credits from NBFC Hire Purchase Credits are secured by Hypothecation of vehicles acquired there from		1,443,980	—
		6,134,650,973	5,671,314,123
(ii) Unsecured Loans			
Short Term Loans		24,462	24,643
Long Term Loans		175,409	-
		199,871	24,643
TOTAL		6,134,850,844	5,671,338,766

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 4 : FIXED ASSETS

Description Of Assets	GROSS BLOCK					DEPRECIATION						NET BLOCK	
	As At 01/04/2010	Addition During The Year	Adjustment During The Year	Sales During The Year	As At 31/03/2011	As At 01/04/2010	Sales During The Year	Sales During The Year	Adjustment During The Year	Provided During The Year	Upto 31/03/2011	Upto 31/03/2011	As At 31/03/2010
Leasehold Land	7,232,169	-	-	-	7,232,169	357,618	-	-	-	33,429	391,047	6,841,122	6,874,551
Factory/Office Premises	358,557,450	2,009,899	-	-	360,567,349	111,486,789	-	-	-	16,180,247	127,667,036	232,900,313	247,070,661
Plant & Machinery	406,604,615	30,251,547	-	13,335,845	423,520,317	226,552,411	1,121,047	-	-	24,907,994	250,339,358	173,180,959	180,052,204
Furniture & Fixtures	48,055,181	556,622	-	-	48,611,803	25,469,682	-	-	-	4,291,632	29,761,314	18,850,489	22,585,499
Electrical Installations	51,369,355	624,728	-	-	51,994,083	26,156,539	-	-	-	3,556,524	29,713,063	22,281,020	25,212,816
Equipments	77,346,482	7,498,888	-	1,036,070	83,809,300	44,868,477	10,304	-	-	7,366,938	52,225,111	31,584,189	32,478,005
Vehicles	6,990,724	4,033,794	-	2,062,880	8,961,638	4,794,260	1,642,263	-	-	1,170,705	4,322,702	4,638,936	2,196,464
Moulds and Dies	18,278,732	4,175,938	-	2,518,863	19,935,807	5,336,809	-	-	-	4,078,237	9,415,046	10,520,761	12,941,923
Wind Mill	92,583,137	-	-	-	92,583,137	20,250,985	-	-	-	11,088,519	31,339,504	61,243,633	72,332,152
Difference in F.E.C.	(652,027)	-	1,342,801	-	690,775	352,047	-	323,019	-	-	675,066	15,708	(1,004,074)
Current Year's Total	1,066,365,818	49,151,416	1,342,801	18,953,658	1,097,906,377	465,625,617	2,773,614	323,019	-	72,674,226	535,849,247	562,057,130	600,740,201
Previous Year's 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

NOTE :

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.

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	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		19,258,452	19,731,174
26,350,000 (Previous Year : 163,50,000) Equity Shares of Rs.10 each of Forever Precious Jewellery & Diamonds Ltd fully paid up (Capital Reserve on aquisition is Rs. 5,197,543)		1,145,750,528	757,083,905
17,500 (Previous year : 17,500) Equity Shares of Rs. 100 each of Peakok Jewellery Ltd., fully paid-up		5,012,750	5,012,750
576,250 (Previous year : 576,250) Equity Shares of Rs. 10 each of Carbon Accessories Ltd., fully paid-up		1,444,299	1,444,299
8,339.40 (Previous year : 8,183.03) Units of Rs. 10/- each of Principle Mutual Fund of Punjab National Bank (Market value as on 31/03/2011 Rs. 83,410 ; (Previous Year Rs.81,848)		83,394	81,840
10 (Previous Year: 10) Equity Shares of Su-Raj Euro Jewel		390,804	375,002
1 (Previous Year: 1) Equity Share of Antwerpse Diamontkring		94,590	90,765
		1,172,034,817	783,819,735
TOTAL		1,172,040,817	783,825,735
SCHEDULE 6 : CURRENT ASSETS LOANS AND ADVANCES			
a) Inventories (As certified by a Director)			
I. Stores and Spare Parts (At Cost)			
II. Stock-in-Trade			
(i) Raw Materials (Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds	14,611,267		464,795,878
Gold and Alloy	3,420,361,282		2,610,106,990
Precious, Semi-precious and Other Stones	13,308,817		14,210,915
Others	13,385,932		2,569,098
	3,461,667,298		3,091,682,881
(ii) Finished Goods (Valued "At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds, Plain and Studded Jewellery	2,273,229,167		1,679,444,037
		5,734,896,465	4,771,126,918
TOTAL 'A'		5,743,259,682	4,779,243,470
b) Sundry Debtors (Unsecured, considered good)			
Debts outstanding for a period exceeding six months	1,523,408,861		2,182,478,685
Other Debts	24,626,329,643		17,696,523,313
		26,149,738,504	19,879,001,998



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Current year Rupees	Current year Rupees	Previous Year Rupees
c) Cash and Bank Balances			
Cash on hand	1,445,636		1,442,045
Balance with Scheduled Banks :			
In Current Account (including cheques on hand Rs. Nil; Previous Year Rs. 43,774)	566,770,803		202,428,177
In Fixed Deposit Accounts			
Fixed Deposit with Banks	8,861,131,665		5,973,023,425
Less : Buyers Credit Facilities fully secured by deposits pledged with the Banks as per contra Refer Schedule 3.	5,527,548,903		4,223,998,597
	<u>3,333,582,762</u>		<u>1,749,024,828</u>
		3,901,799,201	1,952,895,050
TOTAL 'B'		30,051,537,705	21,831,897,048
d) Loans & Advances			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	408,071,231		522,876,608
Prepaid Expenses	94,820		488,355
Advance payment of Income-tax	160,095,306		81,158,253
	<u>TOTAL 'C'</u>	568,261,357	<u>604,523,216</u>
	TOTAL 'A' + 'B' + 'C'	36,363,058,744	27,215,663,734

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities			
a) Sundry Creditors	21,407,901,610		14,067,659,522
b) Bank Overdraft	420,105		-
c) Due to Directors	470,000		-
d) Unclaimed Dividend	10,251,276		10,303,799
e) Other Liabilities	26,790,932		35,107,258
		21,445,833,923	14,113,070,579
B. Provisions			
a) Taxation	157,282,426		86,311,125
b) Proposed Dividend	83,555,323		61,844,258
c) Other	55,384		222,177
d) Tax on Dividend	13,877,495		10,510,432
		254,770,628	158,887,992
TOTAL		21,700,604,551	14,271,958,571

SCHEDULE 8 : SURPLUS IN BULLION TRADING

Sales of Bullion	9,165,748,807		593,980,351
Less: Material Cost			
Opening Stock	185,681,698		-
Add: Purchases of Bullion	8,932,337,982		775,061,394
	<u>9,118,019,680</u>		<u>775,061,394</u>
Less: Closing Stock of Bullion	-		185,681,698
	<u>9,118,019,680</u>		<u>589,379,696</u>
Surplus in Bullion Trading		47,729,127	4,600,655
TOTAL		47,729,127	4,600,655

SCHEDULE 9 : OTHER INCOME

Rent Received		969,000	504,000
Labour Charges Received		82,758,119	61,386,847
(Tax deducted at source Rs. 1,650,866; Previous Year Rs. 1,299,270)			
Dividend Received		284,058	1,141,688
Profit on Sale of Assets (Net)		381,050	12,737,560
Proceeds from surrender of Keyman Insurance Policy		16,389,675	-
Miscellaneous Receipts		45,467,811	25,030,381
TOTAL		146,249,713	100,800,476

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SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	Current year Rupees	Current year Rupees	Previous Year Rupees
SCHEDULE 10 : MATERIAL COST			
Raw Materials Consumed			
Opening Stock	2,906,001,182		2,111,530,426
Add : Purchases	40,522,286,473		29,975,768,822
	<u>43,428,287,655</u>		<u>32,087,299,248</u>
Less : Closing Stock	3,461,667,298		2,906,001,182
		39,966,620,357	<u>29,181,298,066</u>
(Increase)/Decrease in Goods Traded	-		-
Opening Stock of Semi-Finished Goods	-		-
Add : Purchase	996,721,647		106,860,000
	<u>996,721,647</u>		<u>106,860,000</u>
Closing Stock of Semi-Finished Goods	-		-
		996,721,647	<u>106,860,000</u>
(Increase)/Decrease in Finished Goods			
Opening Stock of Finished Goods	1,679,444,037		1,436,637,841
Add : Purchase	6,155,099,094		3,518,782,858
	<u>7,834,543,131</u>		<u>4,955,420,699</u>
Less : Closing Stock of Finished Goods (Accretion)/Decretion in Stock	2,273,229,167		1,679,444,037
		5,561,313,964	<u>3,275,976,662</u>
TOTAL		46,524,655,968	<u>32,564,134,728</u>
SCHEDULE 11 : MANUFACTURING AND OTHER EXPENSES			
Salaries, Wages and Bonus	61,826,118		48,684,405
Contribution to Provident and other Funds	1,781,586		1,856,601
Workmen and Staff Welfare Expenses	3,377,491		1,604,726
		66,985,195	<u>52,145,732</u>
Directors' Remuneration		13,124,524	12,847,668
Labour Charges		129,006,449	96,116,411
Assortment and Valuation Charges		6,174,072	3,878,848
Packing Materials Consumed		307,718	173,264
Other Administrative Expenses		37,039	696,263
Stores and Spare Parts Consumed		14,357,343	11,147,853
Electricity Charges		9,436,113	9,964,380
Freight and Forwarding		18,933,205	13,312,410
Postage, Telegram & Telex and Fax Charges		3,974,359	4,029,804
Advertisement and Sales Promotion Expenses		10,119,735	1,997,823
Rent, Rates, Taxes and Duties (Including Rs. 9,05,600; Previous year Rs. 939,036 towards Stamp Duty)		10,778,679	10,637,089
Travelling Expenses (Including Foreign Travel of Rs. 3,011,118)		9,730,107	7,864,351
Printing and Stationery		2,376,855	1,696,231
Licence, Registration and Other Fees		1,111,283	1,105,214
Repairs and Maintenance of :			
Buildings	1,358,751		599,089
Plant and Machinery	2,581,366		2,523,745
Others	4,221,187		5,053,205
		8,161,304	<u>8,176,039</u>
Insurance Charges (Including Rs. 20,226,721 Previous year Rs.19,340,747 for ECGC Premium reimbursed to Banks)		27,758,675	23,187,838
Legal and Professional Charges		27,273,245	19,303,422
Miscellaneous Expenses		21,746,905	20,267,564
Donations		22,278,768	11,694,400
Amortization		-	780,386
TOTAL		403,671,572	<u>311,022,990</u>



SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SCHEDULE 12:

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.

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 & Jewellery Limited ('The Company') and its wholly owned subsidiaries, being foreign companies, viz. Su-Raj Diamonds NV, Su-Raj Diamonds & Jewelry USA, Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (H.K.) Limited and its Associates in India are Su-Raj Diamond Dealers Limited, Forever Precious Jewellery & Diamonds Limited, Revah Corporation Limited.
- 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 Company' and its subsidiaries, Su-Raj Diamonds NV, Su-Raj Diamonds & Jewelry USA Inc., Su-Raj Diamonds & Jewellery DMCC, Su-Raj Diamond (H.K.) Limited for the year ended 31.03.2011 are 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

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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.

- 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 (Gold, 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".
- h) Closing stock of Goods at Bullion Division are valued "At Cost" or "Net Realisable Value", whichever is lower.

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 not realised / import payables outstanding at the year-end are restated at the rate prevailing at the year end. The exchange difference arising therefrom is recognised as income/expenses in the current year's Profit and Loss Account along with underlying transactions.
- c) Monetary Assets and Liabilities denominated in Foreign Currencies 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) The Company has adopted AS - 11 of the Institute of Chartered Accountants of India, in relation to its foreign exchange transactions including derivatives and options.
- e) As per the Provisions of the AS - 11 of the Institute of Chartered Accountants of India,
 - i) the profit/loss on cancellation or renewal of derivative instruments such as forward contracts and option contracts 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 contracts open at the year end are recognized at year end rate and the Mark to Market difference, wherever applicable, are taken to revenue account along with the underlying transactions.
 - iii) Premium or discount at the inception of forward exchange contract is amortized as expense 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 tax concessions / exemptions 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 is recognized by the foreign companies 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 value 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) Estimated amounts of contracts remaining to be executed on capital account	985,453	(835,770)
b) Customs Duty Payable if Export obligations are not met within specified time frame in respect of concessions availed under EPCG Scheme	25,585,000	(21,565,200)
TOTAL	26,570,453	(22,400,970)

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 the business.
- b) The Provision for Depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

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3. Legal and Professional Charges include Payment to Statutory Auditors as under –

	Rupees	Rupees
A For the Company		
(a) As Audit Fees	1,350,000	(870,000)
(b) Other Fees, Certification Charges & Reimbursement of Expenses	486,246	(411,565)
B Payments to Statutory Auditors of Subsidiary Companies	1,511,954	(1,474,552)
TOTAL	3,348,200	(2,756,117)

4. Financial Charges include Bank Charges Rs.190,374,593 (Rs.186,907,442), Bank interest paid Rs.478,681,160 (Rs.453,845,534) and Bank interest received on Term Deposits Rs.474,893,619 (Rs.318,359,765).

5. Confirmations of the outstanding balances as at the year-end have been sought from Debtors and Creditors. Balances have been reconciled wherever confirmations have been received.

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. The details as provided by the Insurance Company for the year ended 31st March, 2011 are reproduced here below:

a) Defined Contribution Plan:

The Company has recognized Rs. 1,781,586 (Rs. 1,856,601) towards contribution made to Employees Provident, Family Pension Fund and other similar plans of its subsidiaries.

b) Defined Benefit Plan:

(1) Assumption

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(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, 2011	As on 31 st March, 2010
(a)	Present Value of obligation as at beginning of year	1,767,876	1,650,179
(b)	Interest Cost	141,430	132,014
(c)	Past Service Cost	Nil	Nil
(d)	Current Service Cost	341,744	388,058
(e)	Curtailement Cost/(Credit)	Nil	Nil
(f)	Settlement Cost/(Credit)	Nil	Nil
(g)	Benefits Paid	(78,386)	Ni
(h)	Actuarial Gain/(Loss) on obligation	352,545	(402,375)
(i)	Present Value of Obligation as at 31 st March, 2011	2,525,209	1,767,876

(3) Change in the Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Fair Value of Plan Assets as at 1 st April, 2010	2,222,520	626,609
(b)	Expected Return on Plan Assets	194,395	112,900
(c)	Employer's Contributions	863,054	1,483,011
(d)	Benefits Paid	(78386)	NIL
(e)	Actuarial Gain / (Loss) on Plan Assets	NIL	NIL
(f)	Fair Value of Plan Assets as at 31 st March, 2011	3,201,583	2,222,520

(4) Table showing Fair Value of Plan Assets

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Fair Value of Plan Assets at beginning of year	2,222,520	626,609
(b)	Actual Return on Plan Assets	194,395	112,900
(c)	Contributions	863,054	1,483,011
(d)	Benefits Paid	(78386)	NIL
(e)	Fair Value of Plan Assets at the year end	3,201,583	2,222,520
(f)	Funded Status	676,374	454,644

(5) Actuarial Gain/Loss recognized

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Actuarial Gain/(Loss) for the year-obligation	352,545	402,375
(b)	Actuarial (Gain)/Loss for the year-Plan Assets	NIL	NIL
(c)	Total (Gain)/Loss for the year	(352,545)	(402,375)
(d)	Actuarial (Gain) /Loss recognized in the year	(352,545)	(402,375)

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

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Present Value of obligations as at the end of year	2,525,209	1,767,876
(b)	Fair Value of Plan Assets as at the end of the year	3,201,583	2,222,520
(c)	Funded Status	676,374	454,644
(d)	Net Assets/(Liability) recognized in balance sheet	(676,374)	(454,644)

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(7) Expenses recognized in statement of Profit & Loss :

Sr.	Particulars	As on 31 st March, 2011	As on 31 st March, 2010
(a)	Current Service cost	341,744	388,058
(b)	Interest Cost	141,430	132,014
(c)	Expected Return on Plan Assets	(194,395)	(112,900)
(d)	Net Actuarial (gain) / Loss recognized in the year	352,545	(402,375)
(e)	Expenses recognized in statement of Profit & loss	641,324	4,797

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

- The Company procures gold on loan from various banks. The gold is processed and jewellery is exported / sold. The value of purchase and sale is taken on the basis of the provisional rate of gold as certified by the bank. The final value of purchase and sale is adjusted for the differential amount on the date of repayment of the loan or on final price confirmation of gold loan on the basis of forward contract booked.
- During the year a net gain on account of Foreign Exchange Fluctuation/Derivative Transactions amounting to Rs.4.54 Crores (Rs. 8.42 Crores) has been recognised in the Profit and Loss Account along with underlying transactions.
- During the year, the Company has retained, out of dividend declared for FY 2009-10, Rs.273,887 (Rs. Nil) for adjusting against outstanding arrears of call.
- The company has during the year issued 3,400,000 share warrants of Rs. 10 each at a premium of Rs. 60/- per warrant to their sister concern Kohinoor Diamonds Pvt. Ltd. The said warrants are to be exchanged for Equity shares within a period of 18 months from the date of issue i.e. 14th October, 2010. A sum of Rs.59,500,000 (cost of share warrants Rs. 8,500,000 and premium amounting Rs.51,000,000) has been received.
- 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 2002-03 amounting to Rs.1,470,340 (FY 2001-02 Rs. 1,020,294) 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. As certified by the management, the transactions were entered into for hedging based on underlying exposure and in accordance with Risk Management Policy of the Company and relevant guidelines issued by RBI. As disclosed by the Company, transactions outstanding on the balance sheet date, which may entail loss in subsequent period, were in respect of Forward Contracts for hedging foreign exchange exposure in relation to receivables and payables numbering to 116 (55) and amounting to Rs.1934.69 Crores (Rs.238.02 Crores) and Options Contracts numbering 4 (Nil) and amounting to Rs.160.56 Crores (Rs.NIL).
- 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. Assets installed at the Engineering Division of the Company at Jodhpur, which has closed its operations, are carried in the books at a value of Rs.100.64 lacs as at the year end (previous year – Rs.100.64 lacs) may have to be disposed off, however, no provision is considered necessary for impairment in view of proceeds expected from their realizations.

14. EARNINGS PER SHARE:

		Rupees	Rupees
Net profit as per Profit & Loss Account		1,371,119,968	(85,0051,551)
Weighted Average No. of Equity Shares AS PER (G)		64,022,218	(51,695,834)
Shares at the beginning of the year	A	61,844,258	(43,844,258)
Shares allotted during the year	B	5,000,000	(18,000,000)
Date of Allotment		14.10.2010	(21.10.2009)
Effective No. of Shares allotted during the year for Calculation of EPS on the basis of no. of days	C	2,315,068	(7,989,041)
Total No. of Shares for Calculation of EPS { (A) + (C) }	D	64,159,326	(51,833,299)
LESS : Shares which are partly paid – to the extent of 50%	E	274,215	(274,930)
50% thereof	F	137,108	(137,465)
Weighted Average No. of Equity Shares for EPS - { (D) – (F) }	G	64,022,218	(51,695,834)
TOTAL SHARES AS AT THE YEAR END { (A) + (B) }	H	66,844,258	(61,844,258)
EARNINGS PER SHARE		21.42	(16.42)

- 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 Asset / Liability and Reversal thereof have been recognized in the Profit and Loss Account as per details hereunder:

Particulars	Rupees	Rupees
The Company		
Component – Depreciation		
Deferred Tax Liability		
- as at the beginning of the year	56,598,306	35,816,114
- Originated/(Reversed) during the year	(4,353,107)	20,782,192
- As At the close of the year	52,245,199	56,598,306
Subsidiaries		
Deferred Tax Assets		
- as at the beginning of the year	8,960	Nil
- Originated/(Reversed) during the year	60,670	9,357
- due to translation difference	(1,086)	(397)
- as at the close of the year	68,544	8,960
Total	52,176,655	56,589,346

SU-RAJ DIAMONDS AND JEWELLERY LIMITED



16. 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 Segments are given below :

SEGMENT INFORMATION FOR THE YEAR ENDED 31ST MARCH, 2011

(A) INFORMATION ABOUT PRIMARY BUSINESS SEGMENT:

(Rs. in Lakhs)

	Diamond	Jewellery	Bullion	Un-allocated	Total
REVENUE					
Sales	118,428	354,660		10,167	483,255
	(89,271)	(250,332)		(-)	(339,603)
Other Income			477	1,029	1,506
			(46)	(1,008)	(1,054)
RESULTS					
Profit Before Interest, Depreciation & Tax	3,447	11,514	477	39	15,477
	(2,576)	(9,110)	(46)	(173)	(11,905)
Depreciation	315	412	-	-	727
	(286)	(498)	(-)	(-)	(784)
Profit Before Interest	3,132	11,102	477	39	14,750
	(2,577)	(8,395)	(47)	(128)	(11,121)
Interest & Financial Charges					1,941
					(3,201)
Profit Before Tax					12,809
					(7,920)
Provision For Tax (and Deferred Tax)					685
					(809)
Profit After Tax					12,124
					(7,111)
OTHER INFORMATION					
Segment Assets	81,003	234,638	9,032	56,422	381,095
	(69,560)	(183,071)		(33,412)	(286,043)
Segment Liabilities	50,113	215,437	8,491	4,314	278,355
	(42,598)	(156,272)		(563)	(199,433)
Share Capital & Reserves		102,220			102,219
					(86,044)
Deferred Tax Liability					522
					(566)

(B) INFORMATION ABOUT SECONDARY BUSINESS SEGMENTS

STATEMENT OF CONTINENT-WISE SALES

	(FY 2010-11)		(FY 2009-10)	
	Rs. Lakhs	%	Rs. Lakhs	%
North America	65,475	13.56	56,985	16.78
Europe	95,014	19.68	62,757	18.48
Middle East	251,733	52.14	194,011	57.13
Asia	70,598	14.62	25,850	7.61
Total	482,820	100.00	339,603	100.00

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17. 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 enclosed here below:

i) List of Related Parties :	Particulars
Associates	Forever Precious Jewellery and Diamonds Limited Su-Raj Diamond Dealers Limited 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 and 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 Oriental Expressions DMCC
Relative of key management personnel	Sonia J. Mehta

A. Transaction for the year ended 31.03.2011

	Associates	Enterprise in which key management personnel and relatives have significant influence	Key Management personnel	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1. Purchases	77,258,830 (3,709,626)	3,695,846,862 (655,414,427)	Nil (Nil)	3,773,105,692 (659,124,055)
2. Sales	4,668,893,636 (190,733,676)	Nil (132,775,349)	Nil (Nil)	4,668,893,636 (323,509,025)
3. Sale of Fixed Assets	Nil (530,357)	Nil (305,000,000)	Nil (Nil)	Nil (305,530,357)
4. Labour Charges Paid	196,000 (132,242)	Nil (2,520,700)	Nil (Nil)	196,000 (2,652,942)
5. Labour Charges Received	12,446,480 (2,832,088)	577,333 (17,149,661)	Nil (Nil)	13,023,813 (19,981,749)
6. Loan Given	122,500 (161,175,000)	Nil (139,664,477)	Nil (Nil)	122,500 (300,839,477)
7. Loan Received back	122,500 (161,175,000)	Nil (Nil)	Nil (Nil)	122,500 (161,175,000)
8. Loan Taken	1,000,000 (Nil)	Nil (Nil)	Nil (Nil)	1,000,000 (Nil)
9. Interest Received	Nil (1,298,243)	Nil (Nil)	Nil (Nil)	Nil (1,298,243)
10. Dividend Received	Nil (986,865)	Nil (Nil)	Nil (Nil)	Nil (986,865)
11. Equity Contribution	Nil (Nil)	300,000,000 (Nil)	Nil (Nil)	3,00,000,000 (Nil)
12. Remuneration	Nil (Nil)	Nil (Nil)	4,300,000 (3,600,000)	4,300,000 (3,600,000)
13. Issue of Share Warrants	Nil (Nil)	59,500,000 (Nil)	Nil (Nil)	59,500,000 (Nil)

B. Outstanding as on 31.03.2011

1. Debtors	311,043,998 (96,492,780)	213,936,439 (3,755,868)	Nil (Nil)	524,980,437 (100,248,648)
2. Creditors	4,905,626 (9,821,731)	260,250,120 (200,303,653)	Nil (Nil)	265,155,746 (210,125,384)



SU-RAJ DIAMONDS AND JEWELLERY LIMITED

18. 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. 5,045,322 (Rs. 3,330,773).

Minimum future lease rentals payable are:

	<u>Rupees</u>	<u>Rupees</u>
(a) Payable within one year	3,738,803	(2,868,207)
(b) Payable within one year and five years	7,300,000	(8,604,621)
(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 :

	<u>Rupees</u>	<u>Rupees</u>
(a) Receivable within one year	969,000	(660,000)
(b) Receivable between one year and five years	879,000	(1,320,000)
(c) Receivable after five years	Nil	(Nil)

19. 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 require provision.

20. 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).

21. Figures in brackets in notes 1 to 20 pertain to previous year.

22. 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, 10th May, 2011

For and on behalf of the Board

Jatin R. Mehta	Chairman
L. R. Bhansali	Whole-time Director
K. N. Bhandari	} Directors
G. P. Gupta	
Shrilekha V. Parikh	
Madan B. Khurjekar	
Sharad B. Bhagwat	
Dilip P. Tikle	

Shivprakash K. Singh
Company Secretary

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lakhs)

	Current year Rupees	Previous Year Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	12,809	7,920
Adjustments for :		
Depreciation	727	784
Interest (Net)	1,942	3,224
Excess/Short provision for Expenses/Income for earlier year (profit)/Loss on Sale of Assets (Net) and Investment	(657)	13
Proportionate share of Profit of Associate Companies	1,588	1,388
Operating Profit before Working Capital Changes	16,405	13,202
Adjustments for :		
Trade and Other Receivables	(61,555)	(18,510)
Inventories	(9,641)	(12,215)
Trade Payable	73,327	26,516
	18,536	8,993
Taxes paid	(808)	(341)
Cash generated from Operating Activities	17,728	8,652
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(587)	(204)
Sale of Fixed Assets	165	3,068
Purchase of Investments	(3,882)	(2,803)
Interest Received	5,462	3,184
Net Cash from Investing Activities	1,158	3,245
C. CASH FLOW FROM FINANCE ACTIVITIES		
Proceeds from Share Premium	3,510	5,962
(Repayment) /Proceeds from Short Term Borrowings	4,635	(1,503)
Proceeds from Parent Company Reserve	1	(1,058)
Interest Paid	(7,404)	(6,408)
Dividend Paid with Tax	(724)	-
Proceed from Share Capital	585	1,800
Net cash from Financing Activities	603	(1,207)
Net increase/(decrease) in Cash and Cash Equivalent (A+B+C)	19,489	10,690
Cash and Cash Equivalent as at 1st April, 2010 (Opening Balance)	19,529	8,839
Cash and Cash Equivalent as at 31st March, 2011 (Closing Balance)	39,018	19,529

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, 10th May, 2011

For and on behalf of the Board

Jatin R. Mehta	Chairman
L. R. Bhansali	Whole-time Director
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Sharad B. Bhagwat	
Dilip P. Tikle	

Shivprakash K. Singh
Company Secretary

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	499,749,884	133,800,000	88,622,000	134,784,000
2. Reserve and Surplus	99,255,257	11,417,823	83,920,591	10,255,911
3. Total Assets (Fixed Assets + Current Assets)	1,356,888,594	469,322,053	571,784,923	491,893,125
4. Total Liabilities (Debts + Current Liabilities)	758,368,847	324,104,230	399,242,332	391,781,214
5. Investments	485,394	—	—	44,928,000
6. Total Income	2,219,400,207	563,636,709	2,348,412,694	927,760,012
7. Profit Before Tax	47,476,451	5,191,048	37,272,885	8,667,735
8. Provision for Tax	—	1,458,879	—	1,430,161
9. Profit After Tax	47,476,451	3,732,169	37,272,885	7,237,573

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 25th ANNUAL GENERAL MEETING of the Company held at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 on Friday, the 30th September, 2011 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 25th ANNUAL GENERAL MEETING of the Company to

be held on Friday, the 30th September, 2011 at 11.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2011.

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:

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