

# SUNRAJ DIAMOND EXPORTS LTD.



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**15<sup>TH</sup> ANNUAL REPORT**  
**2004 - 2005**

# **SUNRAJ DIAMOND EXPORTS LTD.**

## **DIRECTORS**

**Mr. C. D. Gandhi**  
*Chairman & Managing Director*  
**Mr. S. C. Gandhi**  
**Mrs. G. C. Gandhi**  
**Mr. Somatal Shah**  
**Mr. Hargovind Shah**

## **BANKERS**

**State Bank of India**  
**Bank of Baroda**  
**ABN Amro Bank N. V.**

## **AUDITORS**

**M/s. Bhupendra Shroff & Co.**  
*Chartered Accountants*

## **REGISTERED OFFICE**

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

## **REGISTRARS & SHARE TRANSFER AGENTS**

**M/s. Choksh Infotech Ltd.**  
106, Mhada Commercial Complex,  
Oshiwara, Jogeshwari (West),  
Mumbai - 400 102.

**15th Annual Report 2004-2005****NOTICE**

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Shareholders of **Sunraj Diamond Exports Limited** will be held at Kshatriya Dnyati Sabha Gruha, 229-D Raja Ram Mohan Roy Marg, Girgaum, Mumbai - 400 004 on Firday, 30th September, 2005 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors'.
2. To appoint a Director in place of Mr. Hargovind Shah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration.

For and on behalf of the Board of Directors

**Registered Office**

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

**C. D. GANDHI**

*Chairman*

10th August, 2005.

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**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books will remain closed from 23rd September, 2005 to 30th September, 2005 both days inclusive.
3. Members are requested to bring their copies of Annual Report and Accounts to the Meeting.

**SUNRAJ DIAMOND EXPORTS LTD.****DIRECTORS' REPORT**

To,  
The Members,  
**SUNRAJ DIAMOND EXPORTS LIMITED**

The Directors' have pleasure in presenting their Fifteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2005.

**FINANCIAL RESULTS :**

	<u>31st March, 2005</u>	<u>31st March, 2004</u>
Gross Operating Profit for the year	<b>24,77,908</b>	31,25,330
Less: Depreciation	<b>6,34,117</b>	5,96,440
Preliminary Expenses Written Off	<b>1,76,335</b>	<b>8,10,452</b>
Profit before Tax	<b>16,67,456</b>	<b>1,76,335</b>
Less: Provision for Taxation	<b>1,80,000</b>	<b>7,72,775</b>
Deferred Tax	<b>2,19,269</b>	<b>3,00,000</b>
Net Profit for the year	<b>3,99,269</b>	<b>5,01,478</b>
Add / (Less): Provision of earlier years w/off	<b>12,68,187</b>	<b>8,01,478</b>
	<b>12,68,187</b>	<b>15,51,077</b>
Add: Surplus brought forward from previous year	<b>1,74,71,301</b>	<b>13,69,913</b>
Balance Carried to Balance Sheet	<b>1,87,39,488</b>	<b>1,61,01,388</b>
	<b>1,87,39,488</b>	<b>1,74,71,301</b>

**DIVIDEND :**

With a view to conserving the resources, your Directors have decided not to recommend Dividend for the year.

**OPERATIONS :**

During the year under review the Company has recorded a Turnover of Rs. 1041.50 Lacs as compared to Rs. 1146.86 Lacs in the previous year. This marginal decrease in turnover is as a result of fluctuation in foreign exchange and decrease in US Dollar Rate. Your Directors look forward positively and hope to continue and sustain the organic growth of the Company.

**DIRECTORS :**

In accordance with Article 109 of the Articles of Association of the Company, Mr. Hargovind Shah retires by rotation but being eligible, offers himself for re-appointment.

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

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

**15th Annual Report 2004-2005****PARTICULARS OF EMPLOYEES :**

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

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently, and judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March, 31, 2005 and of the Company for the period April 1, 2004 to March 31, 2005;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounts records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 to the listing Agreement the mandatory requirements relating to Corporate Governance are applicable to the Company from the current financial year. Accordingly your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance in terms of the aforesaid clause 49 are complied with. The report on Corporate Governance along with a Certificate of compliance from the Auditors and the Management Discussion and Analysis Report forms part of this Report.

**AUDITORS :**

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

**ACKNOWLEDGEMENTS :**

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

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

For and on behalf of the Board of Directors

Mumbai,  
10th August, 2005.

**C. D. GANDHI**  
*Chairman*

**SUNRAJ DIAMOND EXPORTS LTD.****ANNEXURE TO DIRECTORS' REPORT**

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

**A) CONSERVATION OF ENERGY :**

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

**B) TECHNOLOGY ABSORPTION - FORM 'B' :****1. Research & Development**

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

**2. Technology Absorption, Adaptation and Innovation**

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

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Particulars with regard to foreign exchange expenditure and earnings are given in Note No. 14 & 15 of the Notes to the Accounts.

For and on behalf of the Board of Directors

Mumbai,  
10th August, 2005.

**C. D. GANDHI**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS

### A) Industry Structure and Development :

The Diamond Industry is going through a period of rapid vertical integration. The Company is engaged in the business of trading in cut and polished diamonds. The reduction in the duty on the import of cut and polished diamonds will prove beneficial to the Company and enable the Company to remain competitive in an environment of decreasing margins and depressed market sentiment and successfully sustain organic growth.

### B) Opportunities and Threats

The Indian Diamond is fast changing its structure and is poised for growth with the introduction of modernised factories and latest automated machines and tools. The Company is well positioned to in the emerging business scenario with a clear objective to utilize the opportunities available in terms of amalgamating the manufacturing and the retail segments of the industry. The Company also intends to expand its product range to include export of cut & polished diamonds and manufacturing of rough diamonds and /or jewellery and to enhance its market share in the international and domestic markets.

The major risks are evident in the form of client's failure to meet their payment deadlines and also the environment of adverse exchange rates.

### C) Segment-wise Performance

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

### D) Outlook

The Indian Diamond Industry is expected to grow inspite of continued economic slowdown in the US Market. The outlook for the Company is positive in the face of a decreasing financial atmosphere. The Company intends to improve it's market share by increasing current volumes and diversifying the product range to remain competitive in the international market.

### E) Risk and Concerns

The general downturn in the world economy, acute competition and the dangers of failure of the client's to meet payment deadlines are some of the major areas of concern.

### F) Internal Control Systems and their Adequacy

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

### G) Human Resources

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

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of Listing Agreement)

### 1. Company's Philosophy on code of Governance :

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