



# **SU-RAJ DIAMONDS AND JEWELLERY LIMITED**

[www.su-raj.com](http://www.su-raj.com)

**19TH ANNUAL REPORT  
2004-2005**

**BOARD OF DIRECTORS**

<b>Jatin R. Mehta</b>	Chairman-cum-Managing Director
<b>K. N. Bhandari</b>	Director
<b>Dr.Dharmendra Bhandari</b>	Director
<b>G. Bharakatia</b>	Director
<b>Atul S. Pethe</b>	Director
<b>Mohan M. Jayakar</b>	Director (upto 8th July, 2005)

**COMPANY SECRETARY**

**Anil Cherian**

**AUDITORS**

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

**BANKERS**

Standard Chartered Bank  
Punjab National Bank  
Exim Bank  
Canara Bank  
State Bank of Hyderabad  
Bank of Maharashtra  
Oriental Bank of Commerce  
Union Bank of India  
Central Bank of India  
UTI Bank Limited  
Vijaya Bank

**REGISTERED OFFICE**

Kesharba Market-2  
Gotalawadi, Katargam  
Surat - 395 004

**REGISTRAR & TRANSFER AGENT**

MCS Limited  
Sri Venkatesh Bhavan,  
Plot No.27, Road No.11  
M.I.D.C., Andheri (East),  
Mumbai 400 093

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Su-Raj Diamonds and Jewellery Limited will be held on Thursday, the 11<sup>th</sup> August, 2005 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, 2005, 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 the Equity Shares.
- 3) To appoint a Director in place of Mr. G. Bharakatia, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Atul S. Pethe, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To re-appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### AS SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 and in modification of Resolution Number 7 passed at the Fourth Annual General Meeting of the Company held on 6<sup>th</sup> July, 1989 the Company hereby accord its consent to the further borrowings by the Board of Directors for and on behalf of the Company from time to time for the purposes of the Company amounting in the aggregate to a sum of the Paid up Capital, Free Reserves and Rs.500 Crores (excluding temporary loans obtained from Company's Bankers in the ordinary course of business), notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company(excluding temporary loans obtained from Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

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

Place : Mumbai  
Date : 12<sup>th</sup> July, 2005

**Anil Cheria**  
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) Explanatory Statement with respect to Item No.6 is annexed and forms part of the Notice.
- 4) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from 14<sup>th</sup> July, 2005 to 23<sup>rd</sup> July, 2005 (both days inclusive).
- 6) 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 as on 23<sup>rd</sup> July, 2005 and in respect of shares held in Electronic form the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
- 7) Shareholders seeking any 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.
- 8) Members are requested to bring their copy of Annual Report to the meeting.
- 9) The Equity Shares of the Company are compulsorily traded in demat form with effect from 28<sup>th</sup> August, 2000. The share holders 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 dematerialisation.
- 10) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended as on 30<sup>th</sup> September, 1998 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
30.09.1998 (1.10.97 – 30.9.98)	30.03.1999	30.03.2006
30.09.1999 (1.10.98 – 30.9.99)	30.03.2000	30.03.2007
31.03.2001 (1.10.99 – 31.3.01)	29.09.2001	29.09.2008
31.03.2002 (1.4.01 – 31.3.02)	30.09.2002	30.09.2009
31.03.2003 (1.4.02 – 31.3.03)	27.09.2003	27.09.2010
31.03.2004 (1.4.03-31.3.04)	31.08.2004	31.08.2011

According to the provisions of the Act, 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.

- 11) 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, MCS Limited Sri Venkatesh Bhavan, Plot No.27, Road No.11, M.I.D.C., Andheri (East), Mumbai 400 093, Maharashtra State.**
- 12) 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.
- 13) Non-Resident Indian Shareholders are requested to inform immediately **MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11, M.I.D.C., Andheri (East), Mumbai 400 093, Maharashtra State, India:**
  - 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.
- 14) 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.
- 15) 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 **Registrar and Transfer Agents, MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11, M.I.D.C., Andheri (East), Mumbai 400 093, Maharashtra State.**
- 16) All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m.
- 17) **Information required under Clause 49 of the Listing Agreement on Directors Re- appointment/ Appointment:**

#### Mr. G. Bharakatia

Mr. G.Bharakatia was appointed as a Director with effect from 30<sup>th</sup> March, 2002. Mr. G. Bharakatia is a Chartered Accountant, with expertise in finance and audits of Banks and Government Companies. He is the Chairman of the Audit Committee of the Board of the Company. Other Directorships held by Mr.G.Bharakatia as on 31<sup>st</sup> March, 2005 are:

1. A.B.Impex Pvt. Ltd.
2. Shri Prempuriji Granimarbo Pvt. Ltd.
3. Mitul India Pvt. Ltd. and
4. Forever Precious Jewellery & Diamonds Ltd.

#### Mr. Atul S. Pethe

Mr.Atul S. Pethe was appointed on the Board with effect from 6<sup>th</sup> May, 1996 and was also the Managing Director of the Company in the past. Mr.Atul S. Pethe is a B.Sc graduate and having more than 32 years experience in the Gem and Jewellery industry with particular expertise in diamond manufacturing and related activities.

He is a member of the Audit Committee and also the Chairman of the Shareholders'/Investors' Grievance Committee of the Board of the Company.

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

#### Item No.6

At the Fourth Annual General Meeting of the Company held on 6<sup>th</sup> July, 1989, the members of the Company had accorded their consent under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors borrowing moneys up to the aggregate of the Company's paid-up capital and its free reserves and Rs.180 Crores (Rupees One Hundred Eighty Crores), excluding temporary loans obtained from the Company's bankers in the ordinary course of business. Taking into account the further requirements of additional working capital for the expansion plans on the anvil, the Board of Directors recommend to increase the borrowing limits. The Board of Directors for and on behalf of and for the purposes of the Company, borrow further sums of money amounting in aggregate to a sum of the Paid up Capital, Free Reserves and Rs.500 Crores, that is to say, raising the total borrowing limit from the aggregate of the Company's paid-up capital and its free reserves and Rs.180 Crores to the aggregate of the Company's paid-up capital and its free reserves and Rs.500 Crores.

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

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

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

Place : Mumbai  
Date : 12<sup>th</sup> July, 2005

**Anil Cheria**  
Company Secretary

# ANNUAL REPORT 2004-2005

## DIRECTORS' REPORT

To

The Members

### SU-RAJ DIAMONDS AND JEWELLERY LIMITED

The Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2005.

### FINANCIAL RESULTS

(Rs. in Crores)

	Financial Year Ended 31 <sup>st</sup> March, 2005	Financial Year Ended 31 <sup>st</sup> March, 2004
Total Income	1028.42	724.30
Profit before Interest and Depreciation	39.09	34.21
Less: Interest	4.20	9.02
Depreciation	2.39	1.75
Profit before tax	32.49	23.43
Provision for tax	1.81	1.54
Profit after tax	30.69	21.89
Add: Balance in Profit and Loss Account brought forward	57.77	43.50
Add: Excess/short provision for Expenses / Income – Tax for earlier years	0.61	(1.08)
<b>Profit available for appropriation</b>	<b>87.86</b>	<b>64.31</b>
<b>Appropriations</b>		
Proposed Dividend	4.83	4.02
Corporate Tax on Proposed Dividend	0.68	0.52
Transfer to General Reserve	10.00	1.00
Transfer to General Reserve- Foreign Exchange Fluctuations	2.50	1.00
Balance Carried Forward	69.85	57.77
<b>Total</b>	<b>87.86</b>	<b>64.31</b>

### DIVIDEND

The Directors are pleased to recommend a payment of dividend, subject to the approval of the members, at the rate of 12 % i.e., Rs.1.20 per fully paid-up Equity Shares of Rs.10/- each of the Company for the financial year ended 31<sup>st</sup> March, 2005. The proposed dividend will absorb Rs.4.83 Crores. To conserve the resources for the future plans of expansion Rs.10 Crores has been transferred to General Reserve and to guard against foreign exchange fluctuations Rs.2.5 Crores has been transferred to General Reserve- Foreign Exchange Fluctuations.

### OPERATIONS

The total income from operations during the year under review was Rs.1028.42 Crores as compared to Rs.724.30 Crores for the previous year. The net profit of the Company for the year was Rs.30.69 Crores as compared to Rs.21.87 Crores for the previous year.

### PROSPECTS

The prospect of Gem and Jewellery is continuing to be positive. The Jewellery demand book has been constantly increasing and the Company expects to be able to grow in multiples in Jewellery. The factory at Bangalore, though being a state of art unit is further modernised, in sectors, which will help increase productivity. The new production units at Goa and Kolkatta will help to increase the productivity to meet the burgeoning jewellery

demand. The Government streamlines policies relating to Jewellery exports and we are now on the same 'level playing field' as any of our competitors worldwide. The Government is aware of the potential in Jewellery exports and is giving every support as required by the industry to increase their share in world trade.

### DIRECTORS

Mr. Atul S. Pethe retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

Mr. G. Bharakatia retires by rotation and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment.

Ms. Anjali Subhash who was appointed as an Additional Director during the year, resigned from the Board due to her preoccupations.

### 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 there under.

### PERSONNEL

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 and Companies (Amendment) Act, 1988.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- 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 31<sup>st</sup> March, 2005 and of the profit of the Company for that financial year;
- 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;
- that the Directors have prepared the Annual Accounts on a going concern basis.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard 21 relating to Consolidated financial statements, your Directors have pleasure in attaching the said consolidated financial statements, which form part of this report and accounts. These statements have been prepared on the basis of audited financial statements received from the Subsidiary Company as approved by the respective Board.

### 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



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

(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.

## LISTING

The shares of the Company are listed at The Stock Exchange, Mumbai, National Stock Exchange of India Limited, Mumbai and The Stock Exchange, Ahmedabad. The Company has paid the annual listing fee to each of the above Stock Exchanges. The Company made an application for de-listing of shares from the Delhi Stock Exchange Association limited consequent to the low and infrequent trading of shares at the Stock Exchange and part of its cost reduction measures. The application has been approved and the securities of the Company de-listed from the Delhi Stock Exchange Association Limited with effect from 2<sup>nd</sup> September, 2004.

## CORPORATE GOVERNANCE

A detailed section on the code of Corporate Governance is attached to this Annual Report.

## ACKNOWLEDGEMENTS

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the various Departments of the Central and State Governments and the Banks.

On behalf of the Board of Directors

Mumbai **Jatin R. Mehta**  
12<sup>th</sup> May, 2005 Chairman-cum-Managing Director

## ADDENDUM TO DIRECTORS' REPORT

### SUBSIDIARY COMPANY

On an application made by the Company under Section 212(8) of the Companies Act 1956, the Central Government has vide letter dated 12<sup>th</sup> July, 2005, exempted the Company from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the subsidiary company and other documents required to be attached under Section 212(1) of the Act to the Balance Sheet of the Company. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary company is contained in the Report. The Annual Accounts of the subsidiary company are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member of the Company or to any investor of its subsidiary company who may be interested in obtaining the same. Further, the annual accounts of the subsidiary company will also be kept for inspection by any investor by any investor at the Company's Head Office and that of the subsidiary company concerned.

On behalf of the Board of Directors

Mumbai **Jatin R. Mehta**  
12<sup>th</sup> July, 2005 Chairman-cum-Managing Director

## 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**

Cutting and polishing of diamonds and manufacture of jewellery as per international standards are the areas 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**

Better productivity and cost reduction.

(3) **Future Plan of Action**

Appropriate actions are being planned.

(4) **Expenditure on R & D:**

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

#### Technology absorption, adaptation and innovation:

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

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

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

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

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

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

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's main line of business is the manufacture and export of cut and polished diamonds and diamond studded gold and platinum jewellery. With the Government policies relating to jewellery exports streamlined and the advantage of a subsidiary in Belgium, the Company looks forward to significant increase in export turnover.

Total Foreign Exchange Earned Rs.970,03,21,329/-

Total Foreign Exchange Used Rs.763,62,01,221/-

- 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 **Jatin R. Mehta**  
12<sup>th</sup> May, 2005 Chairman-cum-Managing Director

# ANNUAL REPORT 2004-2005

## CORPORATE GOVERNANCE

### Company's Philosophy on Corporate Governance:

The Company believes in adopting and adhering to the best Corporate Governance practices to respect its fiduciary responsibility to the shareholders. Efficient Corporate Governance requires a clear understanding of the respective roles of the Board and of senior management and their relationship with others in the corporate structure. It is a process of building positive relationship and making a wider impact to intensify the interest and appreciation of its members with greater commitment and trust. The Company has infused the philosophy of Corporate Governance in all its activities so as to conduct the affairs of the Company such as to ensure fairness to all stakeholders and that its action benefit the greater number of stakeholders. We at Su-Raj believe that the Corporate Governance envisages the attainment of transparency, accountability and integrity in all facets of its operation and its interactions with shareholders, employees, banks and the Government.

In so far as Compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchange, the Company has complied with all the mandatory norms and disclosures that have to be made on Corporate Governance Format.

### 1. Management's Discussion and Analysis

#### a) Industry Structure and Development:

Indian economy has managed to keep its strong growing pace during the year 2004-05 and is likely to provide ample opportunities for growth. The Economic Survey for the year 2004-05 estimates the industrial growth at 7.8% as compared to 6.6% in the previous year. Economic growth in India during the Financial Year 2004-05 stood at a healthy rate of 6.9% and poised to achieve 8% growth in the near future. The economic indices point to the ability to sustain a large and growing domestic consumer base.

In the year 2004, the world economy enjoyed its strongest growth in 30 years despite the spike in oil prices. The adventurous Indian players have gone ahead with full vigour and determination and succeeded internationally. In terms of Purchasing Power Parity, India has retained its position as the fourth largest economy in the world with US\$3, 062 billion.

The year 2004-05 has witnessed a growth in all the major segments of the Gem and Jewellery industry and the total exports stood at US\$ 15677.13 million, a growth of 29.27% as compared to the previous year. Exports of Diamond have continued to rise and the Jewellery sector has turned in another record-breaking performance. Global gold jewellery consumption increased 19% in 2004, the buoyant demand in countries like India, the Gulf States, China and Turkey pulled up the overall figurers.

Since early 90's, the Jewellery has averaged a growth of over 30%, making India the fastest growing Jewellery exporter in the world and also in the year 2004 the demand for gold jewellery in India increased by 29% in value to become the fastest growing jewellery market in the world.

#### i) Diamond

India enjoys domination in the world cut and polished diamond market and smaller diamonds in particular, which was amply reflected in the export growth of diamond industry with a total export of US\$ 11181.48 million for the year ended 31<sup>st</sup> March, 2005 as compared to US\$ 8627.48 million against the corresponding period in last year. The Company

recorded diamond sale amounting to Rs.545.17 Crores for the financial year 2004-05.

#### ii) Jewellery

The year 2004-05 was a good year for the global jewellery sales as well as to the Company. Demand was fuelled by good economic growth and improved demand particularly from Asia and the Middle East. Gold Jewellery sales in United States of America increased by 4% in 2004 to a huge US\$ 17 billion.

The Jewellery sector recorded a massive growth of 49.23% for the year ended 31<sup>st</sup> March, 2005. The demand for the diamond jewellery will continue to grow stronger due to continued marketing support by the industry especially in the U.S., India and China. The Company recorded outstanding growth of 117 % in Jewellery sales amounting to Rs.482.86 Crores as compared to the previous year figure of Rs.222.05 Crores.

#### b) Mission and Business Strategy :

We at Su-Raj maintain generally accepted standards of corporate conduct towards its employees, consumers and society and believes that the policies must balance individual interest with corporate goals and operate within the accepted norms of propriety, equity and sense of justice. The Company believes that it is rewarding to be better managed and governed and to align and intensify its activities with national interest.

We are passionately pursuing our mission to be one of the world's most respected jewellery conglomerates in all counts. The Company set up a new manufacturing division for its jewellery business at Kolkatta during the year. The Company would take all round efforts in its pursuit to enhance the market share in the international market and enhance shareholders value in the industry.

The Company is ranked as the 29<sup>th</sup> Gross Foreign Exchange Earner of the Country for the year 2002-03.

#### c) Financial and Operating Performance:

The total income of the Company for the year 2004 -05 increased 42 % to Rs.1028.42 Crores. The operating profit (PBDIT) for the year was Rs.39.09 Crores compared to Rs.34.21 Crores in the previous year. Interest expense for the year stands reduced by 53% to Rs.4.2 Crores. The Cash Profit for the year stood at Rs.33.46 Crores. Net Profit of the Company stood at Rs.30.69 Crores as compared to Rs.21.89 Crores for the previous year. Earnings per Share (EPS) were Rs.7.67 as against Rs.5.64 for the previous year. A dividend of 12% has been proposed, subject to the approval of the shareholders. The Corresponding dividend payout will be Rs. 4.82 Crores in addition to tax of Rs.67.72 lakhs payable by the Company as tax on distribution of dividend.

#### d) Segment wise / Product wise Performance:

Sales of diamonds during the year 2004-2005 was Rs.545.17 Crores, whereas the Sales of Jewellery was Rs.482.86 Crores, representing 53% and 46.95 % of the total turnover respectively.

#### Statement of continent-wise sale

Continent	Sale	% age
North America	270	26.26
Europe	71	6.91
Middle East	439	42.70
Asia	248	24.13
<b>GRAND TOTAL</b>	<b>1028</b>	<b>100</b>



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

## e) Risk, Internal Control System and Adequacy:

Your Company has a low debt equity ratio and is well placed to take care of its borrowings. The foreign exchange transactions of the Company are suitably covered and there are no materially significant exchange rate risks associated with the Company.

The Company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by management and well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board review the findings and recommendations of the internal auditors.

## f) Outlook, Opportunities and Threats:

### (i) Outlook:

Jewellery has been part of the Indian civilization for centuries and this art has been perfected with modern styles. Gold has connected people and expressed emotions across culture for centuries, communicating in a language that is often more powerful than words, expressing deep emotions and symbolising by events in life. Today, the Consumer is globally aware and the design element plays an important role in the creation of product for the market, though price remains a critical factor. India is known to be the largest consumer of Gold in the world and the annual demand for gold of the country is well over 800 tones. India's new-as opposed to the centuries old, unique Indian traditional jewellery - domestic jewellery market is developing a taste for modern and innovative designs.

Today India's jewellery manufacturing capabilities have reached a new plane of excellence and buyers across the globe are realising the value of sourcing their jewellery from India.

The export performance of Jewellery was outstanding during the year 2004-05 and registered a growth of 49.23% as against the previous year.

The Government's proposal to liberalise the Foreign Direct Investment in the mining sector is a good sign for the Gem and Jewellery industry.

### (ii) Opportunities:

The Gem and Jewellery Industry is looking at a revised export target of US\$ 20 billion by the year 2007. For the Gem and Jewellery industry, Jewellery is the future and certainly the only step to grow and improve profitability. The potential is immense since India's share in the global jewellery market is only 1% of the total business.

The South East Asian Markets are one of the current interests since it is estimated as a US\$ 25 billion plus market currently. The strategically located oil rich Gulf is having the most potential for growth and estimates reveal that retail sales of diamond jewellery recorded a double digit growth of 14% in the year 2004 as compared to a modest 7% in the previous year.

The Indian Jewellery industry has won the global recognition as a quality and cost effective jewellery manufacturing centre over the past few years and now the thrust being on product development and design and more particularly creation of jewellery aligned to contemporary fashion designs.

The domestic Jewellery market is having a huge potential and is estimated to be around Rs.45000 Crore growing at

8% per annum. We are focusing on the emerging markets in India so as to consolidate our position and continue to be a frontrunner in the industry.

### (iii) Threats:

China may emerge as a viable rival in the longer term to Indian Industry, since it has rapidly been increasing its manufacturing base. However, the Indian industry can overcome any such competition with proper Government support by streamlining the labour laws.

### g) Human Resources:

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potentials of its employees. The industrial relations across different locations of the Company were cordial during the year. The Company continues to maintain its thrust on human resources development. The number of employees stood at 36.

### h) 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.

## 2. Composition of Board:

The Board consists presently of 6 Directors and is responsible for the management of the Company's business.

Name of the Director	Category
1. Mr. Jatin R. Mehta	Promoter & Chairman cum Managing Director.
2. Mr. K.N.Bhandari	Non-Executive Independent Director.
3. Dr.Dharmendra Bhandari	Non-Executive Independent Director.
4. Mr. G. Bharakatia	Non-Executive Independent Director.
5. Mr. Atul S. Pethe	Non-Executive Independent Director.
6. Mr. Mohan M. Jayakar	Non-Executive Independent Director.

Except the Chairman-cum-Managing Director, all other Directors are liable to retire by rotation as per the provisions of Companies Act, 1956.

### Directors' Particulars:

Name of the Director	Age	Qualification
1) Mr.Jatin R. Mehta	48	B.Com.
2) Mr.K.N.Bhandari	63	B.A., LLB.
3) Dr.Dharmendra Bhandari	48	FCA
4) Mr.G. Bharakatia	59	B.Com., F.C.A.
5) Mr.Atul S. Pethe	58	B.Sc.
6) Mr.Mohan M. Jayakar	53	B.A., LLB.

### Information on Directors Re-appointment / Appointment

#### Mr. G. Bharakatia

Mr. G.Bharakatia was appointed as a Director with effect from 30<sup>th</sup> March, 2002. Mr. G. Bharakatia is a Chartered Accountant, with expertise in finance and audits of Banks and Government Companies. He is the Chairman of the Audit Committee of the Board of the Company. Other Directorships held by Mr.G.Bharakatia as on 31<sup>st</sup> March, 2005 are:

1. A.B.Impex Pvt. Ltd.
2. Shri Prempuriji Granimarbo Pvt. Ltd.
3. Mitul India Pvt. Ltd. and
4. Forever Precious Jewellery & Diamonds Ltd.

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## Mr. Atul S. Pethe

Mr. Atul S. Pethe was appointed on the Board with effect from 6<sup>th</sup> May, 1986 and was also the Managing Director of the Company in the past. Mr. Atul S. Pethe is a B.Sc graduate and having more than 32 years experience in the Gem and Jewellery industry with particular expertise in diamond manufacturing and related activities.

He is a member of the Audit Committee and also the Chairman of the Shareholders'/Investors' Grievance Committee of the Board of the Company.

## Board Meetings

During the year under review, 4 Board Meetings were held on the following dates:

3.05.2004, 30.07.2004, 29.10.2004 and 31.1.2005

The Directors are paid sitting fees of Rs.2,500/- for each Board/Committee Meeting (excluding Share Committee Meeting) attended by them.

## Remuneration Policy :

There is no Remuneration Committee, since the same being non-mandatory. The Board of Directors has laid out policy, which takes into account the competitive circumstances so as to attract and retain quality personnel. The remuneration to the Managing Director is determined by the Board of Directors, subject to approval of the members of the Company.

## Details of Remuneration of the Directors for the Financial Year :

Remuneration paid or payable to Directors for 2004-05

Name of the Director	Sitting Fees	Salaries, Allowances and perquisites	Professional Fees	Total
Mr. Jatin R. Mehta	Nil	9,00,000	Nil	9,00,000
Mr. K.N. Bhandari	7,500	Nil	Nil	7,500
Dr. Dharmendra Bhandari	2,500	Nil	Nil	2,500
Mr. G. Bharkatia	20,000	Nil	Nil	20,000
Mr. Atul S. Pethe	20,000	Nil	Nil	20,000
Mr. Mohan M. Jayakar	10,000	Nil	Nil	10,000

\*\* During the year the Company has paid fees of Rs 6,00,000/- to M/s. Khaitan & Jayakar, Advocates & Solicitors in which Mr. Mohan M. Jayakar is the proprietor. The professional fees of Rs.6,00,000/- paid during the year to M/s. Khaitan & Jayakar, Advocates & Solicitors is not considered material enough to impinging the independence of Mr. Mohan M. Jayakar as a Director of the Company.

Sitting Fees include payment to the Directors for attending Committee of Directors Meeting. The Directors are not paid any sitting fees for attending the meeting of Shareholders'/Investors' Grievance Committee.

## 3. Audit Committee:

The Audit Committee consists of 3 Non-executive Independent Directors, viz. :

Chairman	Mr. G. Bharkatia
Members	Mr. Atul S. Pethe Mr. Mohan M. Jayakar

During the financial year 2004-2005, four Audit Committee Meetings were held on 3.05.2004, 30.07.2004, 29.10.2004 and 31.1.2005.

Name	Held	Attended
Mr. G. Bharkatia	4	4
Mr. Atul S. Pethe	4	4
Mr. Mohan M. Jayakar	4	2

The members of the Committee are well versed in finance, accounts, company law and general business practices. The members of the Audit Committee are paid sitting fees of Rs.2,500/- for every meeting of the Committee attended by them. The Audit Committee of the Company supported by professional Internal Auditors, inter alia, provides reassurance to the Board on the effective internal control and compliance environment that ensures:

- efficiency and effectiveness of operations both domestic and overseas;
- reliability of financial and management information and adequacy of disclosures;
- safeguarding of assets and adequacy of provisions of all liabilities; and
- compliance with all relevant statutes.

## The role of the Audit Committee includes the following :

- To review quarterly, half yearly un-audited financial statements and yearly audited financial statements and pre-publication announcements before submission to the Board.
- To ensure compliance of Internal Control Systems and action taken on Internal Audit reports.
- To apprise the Board on the impact of accounting policies, auditing standards and legislation.
- To hold periodical discussions with statutory auditors on the scope and content of the audit.
- To review the Company's financial and risk management policies.

## 4. Shareholders'/Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee functions with the objective of looking into redressal of Shareholders' and Investors' grievances relating to non-receipt of dividend, refund orders, shares sent for registration of transfer, non - receipt of Annual Report etc. The Committee consists of the following Directors:

Chairman	- Mr. Atul S. Pethe
Members	- Mr. Jatin R. Mehta - Mr. G. Bharkatia

The Directors are not paid any sitting fees for attending the meeting of the Committee.

Name	Board Meeting Attendance Particulars		Whether attended last AGM	No. of other Directorships & Committee Member / Chairmanship		
	Held	Attended		Other Directorship	Committee Membership	Committee Chairmanship
Mr. Jatin R. Mehta	4	4	YES	1	1	-
Mr. K. N. Bhandari	4	3	NO	5	2	-
Dr. Dharmendra Bhandari	3	1	NO	3	-	-
Mr. G. Bharkatia	4	4	YES	4	2	1
Mr. Atul s. Pethe	4	4	NO	1	2	1
Mr. Mohan M. Jayakar	4	2	NO	4	1	-



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

Presently the Company has approximately 63,000 shareholders. During the year the Company had received 234 complaint letters and have been satisfactorily replied by the Company. 23 requests for transfer of shares were pending for approval as on 31st March, 2005 which were processed and approved on 15th April 2005.

The Company has taken all steps to ensure that shareholders' grievances are given high priority and are resolved at the earliest. Mr. Anil Cherian, Company Secretary, is the Compliance Officer in terms of the requirement of the Stock Exchanges.

## 5. Disclosures:

- (a) There were no transactions of a material nature undertaken by your Company with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Company.
- (b) There are no instances of non-compliance by your Company, penalties, strictures imposed by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

## Means of Communication:

- Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in terms of the requirements of Clause 41 of the Listing Agreement.
- Quarterly results are normally published in The Economic Times and Nav Gujarat Times.
- The Company has made its own web site [www.su-raj.com](http://www.su-raj.com) and the e-mail ID of Secretarial Department is [companysecretary@su-raj.com](mailto:companysecretary@su-raj.com). The Company posts financial results on SEBI website [www.sebidifar.nic.in](http://www.sebidifar.nic.in) for all quarters.

## Prevention of insider trading:

The Company has adopted a code of conduct (SDJL(Dealing in Securities & Prevention of Insider Trading) Rules, 2002) for prevention of insider trading in the shares of the Company. The Code interalia, prohibits purchase/sales, dealing of shares of the Company by the insiders while in possession of unpublished price sensitive information in relation to the Company.

## 6. Details of Annual General meeting:

All the 3 previous Annual General Meetings were held at Mahida Bhavan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007.

Year	Date	Time	Special Resolution approved at A.G.M. requiring postal ballot
01-04-01 to 31-03-02	30-09-02	11.30 a.m.	Nil
01-04-02 to 31-03-03	27-09-03	11.30 a.m.	Nil
01-04-03 to 31-03-04	31-08-04	11.30 a.m.	Nil

## 7. General Shareholder Information :

### a. AGM :

Date, time and venue 11<sup>th</sup> August, 2005, 11.30 A. M., Mahida Bhawan, Icchanath, Opp.S.V.R.Engineering College, Dumas Road, Surat 395 007.

b. **Financial Calendar :** 1st April, 2004 to 31st March, 2005

c. **Date of Book Closure :** 14<sup>th</sup> July, 2005 to 23<sup>rd</sup> July, 2005

d. **Dividend Payment Date :** on or after 13<sup>th</sup> August, 2005

## e. Your Company's shares are listed on the following Stock Exchanges:

**The Stock Exchange (Ahmedabad), (Regional)** Scrip Code:57910

Kamdhenu Complex,  
Opp. Sahajanand College Panjara Pole  
Ahmedabad 380 015

**The Stock Exchange, Mumbai** Scrip Code: 507892

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 023

**National Stock Exchange of India Limited** Symbol: SURAJDIAMN

Exchange Plaza,  
Bandra-Kurla Complex  
Bandra (East) Series : EQ

Mumbai 400 051

Demat Segment ISININE 664A01015

## f. Market Price Data :

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

MONTH	BSE		NSE	
	High	Low	High	Low
April, 2004	23.65	19.10	23.80	19.10
May, 2004	23.70	18.00	23.60	18.10
June, 2004	19.65	17.35	19.70	17.35
July, 2004	22.75	18.15	22.60	18.10
August, 2004	27.95	20.60	27.90	20.70
September, 2004	28.70	24.25	28.35	24.60
October, 2004	29.75	25.55	29.70	24.00
November, 2004	33.50	28.00	33.50	27.90
December, 2004	37.95	29.05	38.10	29.45
January, 2005	37.85	30.00	37.90	30.10
February, 2005	36.30	32.50	38.00	32.35
March, 2005	42.30	32.20	42.50	32.40

## g. Registrar and Share Transfer Agent:

MCS Limited, Mumbai is the Registrar and Transfer Agents (R &TA) of the Company to handle physical and electronic share registry work.

### MCS LIMITED

Unit: Su-Raj Diamonds and Jewellery Limited  
Sri Venkatesh Bhavan, Plot No.27, Road No.11  
M.I.D.C., Andheri (East), Mumbai 400 093  
Maharashtra State  
Tel: (022) 2821 5235 (Hunting)  
Fax: (022) 2835 0456  
Website: [www.mcsind.com](http://www.mcsind.com)  
e-mail: [mcsnum@vsnl.com](mailto:mcsnum@vsnl.com)

## h. Dematerialisation of Shares and Liquidity:

The total number of shares dematerialized as on 31st March, 2005 are 3,00,30,093 shares representing 74.66% of Share Capital.

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

Nil

## j. Location of Factories:

- a. 143-D Bomasandra Industrial Area  
Hosur Road, Hebbagodi  
Bangalore 562 158
- b. Plot No.1 and 1A, Tivim Industrial Estate  
Karaswada, Mapusa  
Goa 403 526
- c. E-7, Marudhara Industrial Estate  
IInd Phase, Basni,  
Jodhpur 342 005

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d. Vandsa Road, Village Assura  
Dharampur, Valsad,  
Gujarat

e. 2, Portugese Church Street  
Kolkata 700 001

f. Unit No.39-40, Plot No.261  
Surat Special Economic Zone  
Road No.3, GIDC, Sachin  
Surat 394 230

g. Kesharbha Market-2  
Gotalawadi  
Katargam, Surat 395 004

k. **Investor's Service Cell:**  
73-C, Su-Raj House  
Cross Road, MIDC  
Marol, Andheri (E)  
Mumbai 400 093  
Phone : (022) 28352113

• e-mail : companysecretary@su-raj.com

i. **Distribution of Shareholding as on 31st March, 2005:**

	Category	No. of Shares Held	% of Share Holding
<b>A.</b>	<b>Promoter's Holding</b>		
<b>1</b>	<b>Promoters</b>		
	- Indian Promoters *	1,77,03,356	44.01
	- Foreign Promoters	-	-
<b>2.</b>	<b>Persons acting in Concert</b>	Nil	Nil
	<b>Sub Total</b>	<b>1,77,03,356</b>	<b>44.01</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
<b>3.</b>	<b>Institutional Investor</b>		
a.	Mutual Funds and UTI	40,600	0.10
b.	Banks, Financial Institutions, Insurance Companies (Central / State Government Institutions/ Non-Government Institutions)	9,99,318	2.48
c.	FII's	18,800	0.05
	<b>Sub Total</b>	<b>10,58,718</b>	<b>2.63</b>
<b>4.</b>	<b>Others</b>		
a.	Private Corporate Bodies	17,09,137	4.25
b.	Indian Public	1,87,69,652	46.66
c.	NRIs / OCBs	9,60,085	2.39
d.	Any Other (Other Directors and their Relatives **)	23,310	0.06
	<b>Sub Total</b>	<b>2,14,62,184</b>	<b>53.36</b>
	<b>GRAND TOTAL</b>	<b>4,02,24,258</b>	<b>100</b>

\* 1,45,020 Equity Shares of NRI's included in Promoters Holdings.

\*\* Holding of Non-Executive Independent Directors & their Relatives.

m. **Shareholding pattern as on 31st March, 2005**

Shares From	To	No. of Shareholders	% to Total	Total Shares	% To Total
1	5,000	56,346	89.27	90,29,468	22.45
5,001	10,000	4,204	6.66	32,37,524	8.05
10,001	20,000	1,496	2.37	22,28,092	5.54
20,001	30,000	408	0.65	10,41,467	2.59
30,001	40,000	160	0.25	5,80,211	1.44
40,001	50,000	142	0.23	6,80,739	1.69
50,001	1,00,000	208	0.33	15,22,681	3.79
1,00,001	AND ABOVE	153	0.24	2,19,04,076	54.45
	<b>Total</b>	<b>63,117</b>	<b>100.00</b>	<b>4,02,24,258</b>	<b>100.00</b>

n. **Non-mandatory Requirements:**

The Company has presently not adopted the non-mandatory requirements given in the Annexure-3 to the Corporate Governance Code.

## AUDITORS' 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 31<sup>st</sup> March, 2005, 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 abovementioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's/Investor's Grievance Committee.

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

**RAJNIKANT C. RESHAMWALA**  
Partner

Mumbai : 12<sup>th</sup> May, 2005

MEMB. NO. 5502



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

## AUDITORS REPORT

To

### The Members of Su-Raj Diamonds & Jewellery Limited

We have audited the attached Balance Sheet of **SU-RAJ DIAMONDS & JEWELLERY LIMITED** as at **31st March, 2005** 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 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 31<sup>st</sup> March, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
4. 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, 2005;
    - (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

**RAJNIKANT C. RESHAMWALA**  
PARTNER

Mumbai : 12<sup>th</sup> May, 2005

MEMB. NO. 5502

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## ANNEXURES TO THE AUDITORS' REPORT

(Referred to in para 2 of our report of even date on the accounts for the year ended 31st March, 2005 of SU-RAJ DIAMONDS & 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. As regards materials lying with third parties, conformations have been received from the third parties.
  - (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) 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 granted 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 given by the company are 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) There are no overdue amounts as no loans have been given.
  - (e) 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.
  - (f) As the company has not taken any loans from parties mentioned in Para 3(e) 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.
- (g) Similarly the question of repayment of principal amount and interest on such loans does not arise.
  4. In our opinion and according to the explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regards to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal control.
  5. (a) According to the information and explanations given to us and on the basis of the checks carried out by us, there are no contracts or arrangements referred to in Section 301 of the Act required to be entered in the register maintained under that section.
  - (b) As the company has not entered into any contracts or arrangements with the parties mentioned in Para 5(a) above, the question of determining whether the prices are reasonable having regards to prevailing market price does not arise.
  6. The Company has not accepted deposits from the public. As such, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other provisions of the Act and rules framed thereunder does not arise.
  7. In our opinion, the company, which is a listed company, has an adequate Internal Audit System commensurate with its size and nature of its business.
  8. In the present case, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. As such, the question of reviewing the books of account to be maintained by the company pursuant to such an order does not arise.
  9. (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, 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) Disputed Income tax liabilities / Sales Tax Liabilities have been disclosed in the Notes to accounts under the head "Contingent Liabilities not provided for". (Note No. B-1)
  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



## SU-RAJ DIAMONDS AND JEWELLERY LIMITED

repayments of dues to banks and financial institutions. There are no debentures issued by the company and as such the question of default in payment to debenture holders does not arise.

12. As informed to us, the company has not granted any loans and advances on the basis of security by way of pledge of any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
15. As informed to us, the company had not given any guarantees for any loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
16. In our opinion, the term loans have been applied for the purpose for which they have been raised.
17. According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments.
18. The company has not made any fresh allotment of shares. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
19. The company has not issues 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

**RAJNIKANT C. RESHAMWALA**  
PARTNER

Mumbai : 12<sup>th</sup> May, 2005

MEMB. NO. 5502

# ANNUAL REPORT 2004-2005

## BALANCE SHEET AS AT 31st MARCH, 2005

	Schedules	Rupees	Current Year Rupees	Previous Year Rupees
<b>I. SOURCES OF FUNDS :</b>				
1. <b>Shareholders' Funds :</b>				
a) Share Capital	1	399,875,345		387,856,595
b) Reserves & Surplus	2	4,495,705,317		4,176,307,435
			<b>4,895,580,662</b>	4,564,164,030
2. <b>Loan Funds :</b>				
a) Secured Loans	3		<b>2,057,878,588</b>	2,088,713,183
b) Unsecured Loans			<b>615,644</b>	—
			<b>6,954,074,894</b>	<b>6,652,877,213</b>
<b>TOTAL</b>				
<b>II. APPLICATION OF FUNDS :</b>				
1. <b>Fixed Assets :</b>				
a) Gross Block	4	498,959,209		316,476,998
Less : Depreciation		202,165,666		179,883,701
Net Block		296,793,543		136,593,297
b) Capital Work-in-Progress		256,971,615		—
			<b>553,765,158</b>	136,593,297
2. <b>Investments :</b>				
	5		<b>432,055,030</b>	398,805,800
3. <b>Current Assets, Loans And Advances :</b>				
a) Inventories		1,478,958,693		1,917,459,352
b) Sundry Debtors		5,495,364,690		4,441,886,241
c) Cash and Bank Balances		1,069,059,782		1,079,501,841
d) Loans and Advances		240,361,697		472,181,303
		8,283,744,862		7,911,028,737
Less : <b>Current Liabilities And Provisions :</b>				
a) Current Liabilities	7	2,208,710,141		1,698,246,152
b) Provisions		88,146,856		81,294,441
		2,296,856,997		1,779,540,593
Net Current Assets			<b>5,986,887,865</b>	6,131,488,144
4. <b>Deferred Tax Liability (Net) :</b>				
	8		<b>(24,357,133)</b>	(23,549,980)
5. <b>Miscellaneous Expenditure :</b>				
(To the extent not written off or adjusted)	9		<b>5,723,974</b>	9,539,952
			<b>6,954,074,894</b>	<b>6,652,877,213</b>
<b>TOTAL</b>				
NOTES ON ACCOUNTS	13			

As per our attached report of even date

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

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.

For and on behalf of the Board

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**K. N. Bhandari**

**Dharmendra Bhandari**

**G. Bharakatia**

**Atul S. Pethe**

} Director

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005

	Schedules	Rupees	Current Year Rupees	Previous Year Rupees
<b>I. INCOME</b>				
Sales		10,280,698,879		7,238,782,148
Other Income	10	3,525,069		4,264,663
			<b>10,284,223,948</b>	7,243,046,811
<b>II. EXPENDITURE</b>				
Material Cost	11	9,659,762,596		6,713,888,841
Manufacturing and other expenses	12	233,540,901		187,203,373
			<b>9,893,303,497</b>	6,901,092,214
<b>III. PROFIT</b>				
Profit before Interest and Depreciation			<b>390,920,451</b>	341,954,597
Interest		42,007,947		90,244,904
Depreciation		23,922,549		17,538,773
			<b>65,930,496</b>	107,783,677
Profit Before Tax			<b>324,989,955</b>	234,170,920
Provision for Tax				
a) Current		17,300,000		15,000,000
b) Deferred Tax		807,153		448,719
			<b>18,107,153</b>	15,448,719
Profit After Tax			<b>306,882,802</b>	218,722,201
Balance brought forward from Previous Year			<b>577,744,849</b>	435,025,046
			<b>884,627,651</b>	653,747,247
Add :				
Excess/ (Short) Provision for Expenses/ Income of earlier years (Net)			<b>(505,324)</b>	2,888,430
Excess/(Short) Provision for Tax (Net)			<b>(5,559,733)</b>	(13,512,837)
Profit available for appropriation	<b>TOTAL</b>		<b>878,562,594</b>	643,122,840
<b>IV. APPROPRIATIONS</b>				
Proposed Dividend			<b>48,269,110</b>	40,224,258
Tax on Dividend			<b>6,772,156</b>	5,153,733
Transfer to General Reserve			<b>100,000,000</b>	10,000,000
Transfer to General Reserve-Foreign Exchange Fluctuations			<b>25,000,000</b>	10,000,000
Balance carried to Balance Sheet			<b>698,521,328</b>	577,744,849
	<b>TOTAL</b>		<b>878,562,594</b>	643,122,840
Earnings per share(Basic & Diluted)			<b>7.67</b>	5.64
NOTES ON ACCOUNTS	13			

As per our attached report of even date

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

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.

For and on behalf of the Board

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**K. N. Bhandari**

**Dharmendra Bhandari**

**G. Bharakatia**

**Atul S. Pethe**

} Director

# ANNUAL REPORT 2004-2005

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>Authorised</b>			
7,00,00,000 Equity Shares of Rs. 10/- each (Previous Year : 7,00,00,000 Equity Shares of Rs. 10/- each)		<b>700,000,000</b>	<b>700,000,000</b>
<b>Issued and Subscribed</b>			
4,02,24,258 Equity Shares of Rs. 10/- each (Previous Year : 4,02,24,258 Equity Shares of Rs. 10/- each)		<b>402,242,580</b>	<b>402,242,580</b>
<b>Paid-up</b>			
4,02,24,258 Equity Shares of Rs. 10/- each (Previous Year : 4,02,24,258 Equity Shares of Rs. 10/- each)		<b>402,242,580</b>	402,242,580
Less: Calls Unpaid - Other than Directors		<b>2,367,235</b>	14,385,985
<b>TOTAL</b>		<b>399,875,345</b>	<b>387,856,595</b>
Note :			
Of the above paid-up Capital, Rs. 10,48,06,450 represents capitalisation of General Reserve by issue of 1,04,80,645 Equity Shares of Rs. 10 each fully paid up as Bonus Shares.			
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>			
<b>Capital Reserve</b>			
As per last Balance Sheet	50,341,338		50,341,338
Add: Amount transferred during the year	—		—
		<b>50,341,338</b>	50,341,338
<b>Share Premium Account</b>			
Premium Receivable	1,716,514,830		1,716,514,830
Less : Allotment Money in Arrears	8,004,832		8,280,060
Less : Call Money in Arrears	6,825,037		80,171,212
		<b>1,701,684,961</b>	1,628,063,558
<b>General Reserve</b>			
As per last Balance Sheet	1,910,157,690		1,900,157,690
Add : Amount transferred from Profit and Loss Account	100,000,000		10,000,000
	2,010,157,690		1,910,157,690
Less : Transfer to Deferred Tax Liability of earlier years	—		—
		<b>2,010,157,690</b>	1,910,157,690
<b>General Reserve-Foreign Exchange Fluctuations</b>			
As per last Balance Sheet	10,000,000		—
Add : Amount transferred from Profit and Loss Account	25,000,000		10,000,000
		<b>35,000,000</b>	10,000,000
<b>Surplus in Profit and Loss Account</b>			
		<b>698,521,328</b>	577,744,849
<b>TOTAL</b>		<b>4,495,705,317</b>	<b>4,176,307,435</b>
<b>SCHEDULE 3 : LOAN FUNDS</b>			
<b>(a) Secured Loans</b>			
<b>Short Term Loans from Banks</b>			
Secured by hypothecation of stock-in-trade, book debts (both present and future), personal guarantee of a Director and mortgage by way of Title Deeds of the immovable properties comprising of land and other structure, fixed machinery and plant, fixtures and fittings erected or installed thereof situated at Bangalore, Jodhpur, Mumbai and Valsad; and Collateral Security of Land & Building offered by Bombay Diamond Company P. Ltd., Kohinoor Diamonds Pvt. Ltd. and Land & building and Plant & Machinery of Forever Diamonds Pvt.Ltd.			
The Company also has non-fund credit facility of Rs. 218.25 Crores, with the Consortium of Bankers, secured against above Assets and Fixed Deposits.			
		<b>2,057,659,032</b>	2,088,401,703
<b>Term Loans from Banks/Financial Institution</b>			
(Secured by hypothecation of Vehicle)			
		<b>219,556</b>	311,480
<b>TOTAL</b>		<b>2,057,878,588</b>	<b>2,088,713,183</b>
<b>(b) Unsecured Loans</b>			
		<b>615,644</b>	—
<b>TOTAL</b>		<b>615,644</b>	—



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

### SCHEDULE 4 : FIXED ASSETS

Description of Asset	GROSS BLOCK (At Cost)					DEPRECIATION				NET BLOCK		
	As At 1st April 2004 Rs.	Additions during the year Rs.	Sales during the year Rs.	Adjustment during the year Rs.	As At 31st March, 2005 Rs.	As At 1st April 2004 Rs.	Sales during the year Rs.	Adjustment during the year Rs.	Provided during the year Rs.	As At 31st March, 2005 Rs.	As At 31st March, 2005 Rs.	As At 31st March 2004 Rs.
1. Leasehold Land	7,232,169	—	—	—	7,232,169	32,600	—	—	2,318	34,918	7,197,251	7,199,570
2. Factory Premises	63,988,645	2,102,939	—	—	66,091,584	23,168,901	—	—	4,252,431	27,421,332	38,670,252	40,819,744
3. Office Premises	—	147,931,028	—	—	147,931,028	—	—	—	3,384,176	3,384,176	144,546,852	0
4. Plant and Machinery	187,121,614	26,746,460	2,519,210	—	211,348,864	117,499,155	1,167,157	—	11,557,053	127,889,051	83,459,813	69,622,459
5. Furniture and Fixtures	11,685,035	1,700,149	—	—	13,385,184	8,946,379	—	—	599,175	9,545,554	3,839,630	2,738,656
6. Electrical Installations	17,683,584	854,898	—	—	18,538,482	11,258,014	—	—	977,631	12,235,645	6,302,837	6,425,570
7. Equipment	9,147,514	1,058,744	62,450	—	10,143,808	5,847,984	21,523	—	522,482	6,348,943	3,794,865	3,299,530
8. Air-conditioners	6,686,002	883,521	—	—	7,569,523	4,705,579	—	—	295,056	5,000,635	2,568,888	1,980,423
9. Computers	9,245,120	1,747,469	—	—	10,992,589	6,211,498	—	—	1,545,356	7,756,854	3,235,735	3,033,622
10. Vehicles	3,687,315	2,555,622	516,959	—	5,725,978	2,213,591	451,904	—	786,871	2,548,558	3,177,420	1,473,724
<b>CURRENT YEAR'S TOTAL</b>	<b>316,476,998</b>	<b>185,580,830</b>	<b>3,098,619</b>	<b>—</b>	<b>498,959,209</b>	<b>179,883,701</b>	<b>1,640,584</b>	<b>—</b>	<b>23,922,549</b>	<b>202,165,666</b>	<b>296,793,543</b>	<b>136,593,297</b>
PREVIOUS YEAR'S TOTAL	278,040,306	39,429,141	1,000,791	8,342	316,476,998	162,801,638	457,922	1,212	17,538,773	179,883,701	136,593,297	

**NOTE :** The value of the capital work-in-progress capitalised during the year amounted to Rs. NIL (Previous Year Rs. 1,74,47,575)  
The various items of expenditure comprised therein are :

PARTICULARS	CURRENT YEAR RUPEES	PREVIOUS YEAR RUPEES
1) Factory Premises	—	(8,799,415)
2) Plant & Machinery	—	(2,172,034)
3) Leasehold Land	—	(2,800,000)
4) Electrical Installation	—	(923,287)
5) Furniture and Fixture	—	(731,804)
6) Vehicles	—	(3,812)
7) Computers	—	(43,315)
8) Equipments	—	(78,224)
9) Pre-Operative Expenses	—	(1,895,684)
	—	(17,447,575)

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 5 : INVESTMENTS : (AT COST) - UNQUOTED</b>			
<b>Long Term</b>			
<b>In Government Securities</b>			
2 (Previous Year : 2) Indira Vikas Patra of Rs. 500 each	1,000		1,000
National Savings Certificates	5,000		5,000
		<b>6,000</b>	<b>6,000</b>
<b>In Shares (In Trade Investments)</b>			
<b>Subsidiary Company</b>			
30,088 (Previous Year : 30,088) Equity Shares of Koradlam N. V.		<b>378,530,800</b>	378,530,800
<b>Other Companies</b>			
20,00,000 (Previous Year : 20,00,000) Equity Shares of Rs. 10 each of Su-Raj Diamond Dealers Limited, Fully Paid-up	20,000,000		20,000,000
20,000 (Previous Year : 20,000) Equity Shares of Rs. 10 each of Su-Raj Jewellery (India) Limited, Fully Paid-up	200,000		200,000
6,900 (Previous Year : 6,900) Equity Shares of Rs. 10 each of Su-Raj UK Industries Ltd., Fully paid-up	69,000		69,000
9,31,351 (Previous Year : NIL) Equity Shares of Rs. 10 each of Forever Precious Jewellery & Diamonds Ltd.	33,249,230		—
		<b>53,518,230</b>	<b>20,269,000</b>
<b>TOTAL</b>		<b>432,055,030</b>	<b>398,805,800</b>

# ANNUAL REPORT 2004-2005

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>(a) Inventories</b> (As certified by a Director)			
<b>I. Stores and Spare Parts (At Cost)</b>		<b>9,708,626</b>	9,209,557
<b>II. Stock-in-Trade</b>			
<b>(i) Raw Materials</b> (Valued " At Cost" or " Net Realisable Value" whichever is lower)			
Diamonds	439,998,254		835,997,484
Gold and Alloy	106,202,835		37,242,596
Precious, Semi-precious and Other Stones	3,019,392		1,196,371
Others	975,962		1,209,998
	<hr/> 550,196,443		<hr/> 875,646,449
<b>(ii) Semi Finished Goods (At Cost of Materials)</b>	1,561,002		7,906,332
<b>(iii) Finished Goods</b> (Valued " At Cost" or "Net Realisable Value" whichever is lower)			
Diamonds and Studded Jewellery	917,473,122		1,024,537,125
Press Pots and Diamond Scaives	19,500		159,889
	<hr/> 917,492,622	<b>1,469,250,067</b>	<hr/> 1,024,697,014
		<b>1,478,958,693</b>	<hr/> 1,917,459,352
<b>(b) Sundry Debtors</b> (Unsecured , considered good)			
Debts outstanding for a period exceeding six months	442,875,585		340,219,296
Other Debts	5,052,489,105		4,101,666,945
	<hr/> 5,495,364,690	<b>5,495,364,690</b>	<hr/> 4,441,886,241
<b>(c) Cash and Bank Balances</b>			
Cash on hand	197,776		2,164,103
Balance with Scheduled Banks :			
In Current Account (including cheques on hand Rs. 2,50,00,000; Previous Year Rs. 4,69,96,034)	44,049,575		49,337,659
In Fixed Deposit Accounts	1,002,969,217		1,011,643,906
In Margin Money Accounts	21,843,214		16,356,173
	<hr/> 1,069,059,782	<b>1,069,059,782</b>	<hr/> 1,079,501,841
<b>TOTAL ' A '</b>		<b>8,043,383,165</b>	<hr/> <b>7,438,847,434</b>
<b>(d) Loans and Advances</b> (Unsecured , considered good)			
Advances recoverable in cash or in kind or for value to be received	208,562,306		432,140,772
Loans and advances to Employees	3,557		43,544
Advance payment of Income-tax	31,795,834		39,996,987
	<hr/> 240,361,697	<b>240,361,697</b>	<hr/> 472,181,303
<b>TOTAL ' B '</b>		<b>240,361,697</b>	<hr/> 472,181,303
<b>TOTAL ' A ' + ' B '</b>		<b>8,283,744,862</b>	<hr/> <b>7,911,028,737</b>

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. Current Liabilities</b>			
a) Sundry Creditors	2,196,565,489		1,687,845,356
b) Due to Directors	307,050		358,550
c) Unclaimed Dividend	9,295,491		9,688,716
d) Other Liabilities	2,542,111		353,530
		<b>2,208,710,141</b>	1,698,246,152
<b>B. Provisions</b>			
a) Taxation	32,300,000		35,000,000
b) Provision for Gratuity	805,590		916,450
c) Proposed Dividend	48,269,110		40,224,258
d) Tax on Dividend	6,772,156		5,153,733
		<b>88,146,856</b>	81,294,441
TOTAL		<b>2,296,856,997</b>	1,779,540,593
<b>SCHEDULE 8 : DEFERRED TAX</b>			
<b>Deferred Tax Assets and Liabilities</b>			
<b>Assets</b>			
Provision for Long Term Capital Loss	215,104		215,104
<b>Liabilities</b>			
Preliminary Expenses	—		(1,812)
Provision for Short Term Capital Gain	(2,850,924)		(2,850,924)
Provision for Depreciation	(21,721,313)	<b>(24,357,133)</b>	(20,912,348)
TOTAL		<b>(24,357,133)</b>	(23,549,980)
<b>SCHEDULE 9 : MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
a) Preliminary Expenses		<b>1,722,360</b>	2,870,601
b) Commission and Brokerage on subscription of shares		<b>4,001,614</b>	6,669,351
TOTAL		<b>5,723,974</b>	9,539,952
<b>SCHEDULE 10 : OTHER INCOME</b>			
Interest Received		<b>1,530,865</b>	2,390,272
Labour Charges Received		<b>329,362</b>	884,454
(Tax deducted at source Rs. 6,617; Previous Year Rs. NIL)			
Profit on Sale of Assets (Net)		<b>190,254</b>	24,631
Profit on Sale of Investment		<b>271,520</b>	—
Dividend Received		<b>8,195</b>	—
Rent Received		<b>400,000</b>	387,500
<b>Miscellaneous Receipts</b>			
From Others		<b>794,873</b>	577,806
TOTAL		<b>3,525,069</b>	4,264,663

# ANNUAL REPORT 2004-2005

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 11 : MATERIAL COST</b>			
<b>Raw Materials Consumed</b>			
Opening Stock	875,646,449		1,066,857,736
Add : Purchases	9,211,128,889		6,794,577,842
	<u>10,086,775,338</u>		<u>7,861,435,578</u>
Less : Closing Stock	550,196,442		875,646,449
		<b>9,536,578,896</b>	6,985,789,129
<b>(Increase)/ Decrease in Semi-Finished Goods</b>			
Opening Stock of Semi-Finished Goods	7,906,332		3,122,004
Add : Purchase	5,228,584		267,147
	<u>13,134,916</u>		<u>3,389,151</u>
Less : Closing Stock of Semi-Finished Goods	1,561,002		7,906,332
		<b>11,573,914</b>	(4,517,181)
<b>Goods Traded In</b>			
Opening Stock	—		—
Add : Purchases	4,405,394		49,245,734
	<u>4,405,394</u>		<u>49,245,734</u>
Less : Closing Stock	4,405,394		—
		—	49,245,734
<b>(Increase)/ Decrease in Finished Goods</b>			
Opening Stock of Finished Goods	1,024,697,014		708,068,173
Closing Stock of Finished Goods	913,087,228		1,024,697,014
(Accretion)/ Decretion in stock		<b>111,609,786</b>	(316,628,841)
<b>TOTAL</b>		<b>9,659,762,596</b>	<b>6,713,888,841</b>
<b>SCHEDULE 12 : MANUFACTURING AND OTHER EXPENSES</b>			
Salaries, Wages and Bonus	3,917,410		3,058,355
Contribution to Provident and other Funds	295,239		170,512
Workmen and Staff Welfare Expenses	399,201		252,686
		<b>4,611,850</b>	3,481,553
Directors' Remuneration		960,000	967,500
Labour Charges		<b>92,387,997</b>	78,785,704
Assortment and Valuation Charges		1,275,741	1,552,015
Packing Materials Consumed		213,365	77,233
Stores and Spare Parts Consumed		5,379,007	15,674,450
Electricity Charges		6,342,268	4,797,991
Freight and Forwarding		6,088,597	4,365,759
Postage and Telegram Charges		1,201,739	984,672
Telephone, Telex and Fax Charges		1,326,035	1,128,360
Advertisement and Sales Promotion Expenses		4,961,166	2,566,764
Lease Rent		1,311,058	1,120,661
Rates, Taxes and Duties (Including Rs. 21,27,555 ; Previous Year Rs. 27,29,072 towards Stamp Duty)		<b>3,761,353</b>	6,670,804
Travelling Expenses		5,972,636	4,927,408
Printing and Stationery		940,099	763,200
Licence, Registration and Other Fees		686,529	507,901
Repairs and Maintenance of :			
Buildings	555,531		657,956
Plant and Machinery	694,343		250,834
Others	1,200,761		1,151,764
		<b>2,450,635</b>	2,060,554
Insurance Charges (Including Rs. 70,50,726 ; Previous Year Rs. 55,82,146 for ECGC Premium reimbursed to banks)		<b>13,707,480</b>	10,136,075
Legal and Professional Charges		6,286,860	4,303,392
Bank Charges		61,455,428	32,874,839
Miscellaneous Expenses		6,789,980	4,118,560
Donations		1,615,100	1,522,000
Preliminary Expenses Written Off		3,815,978	3,815,978
<b>TOTAL</b>		<b>233,540,901</b>	<b>187,203,373</b>



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

### SCHEDULE 13:

#### NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.

##### 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. Fixed Assets:

- All fixed assets are valued at cost less depreciation.
- Exchange differences relating to the acquisition of fixed assets are adjusted in the cost of the assets.

##### 3. 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.

##### 4. Investments :

Investments are stated at Cost of acquisition.

##### 5. 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 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.

##### 6. Inventories :

The Company has complied with AS-2 Valuation of Inventories issued by the Institute of Chartered Accounts 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" which ever is lower (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 Jewellery and 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 engineering division 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.
- Goods procured for trading (Studded and plain Jewellery and Diamonds) are valued "At Cost or Net Realisable value", whichever is lower.
- Semi Finished Goods of Engineering Division are valued "At Cost of Raw Materials."
- Stores and Spares are valued "At Cost".

##### 7. Foreign Exchange Transactions :

- Transactions in foreign currency are accounted at the exchange 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 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 years Profit and Loss Account.
- 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 Profit/Loss on forward exchange contract, undertaken to hedge exchange risk are recognized as income/expenses over the life of the Contract.

##### 8. Preliminary Expenses :

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

##### 9. Employees Retirement Benefits :

- Gratuity liability due and payable on the last day of the accounting year is valued as per an Actuarial valuation in accordance with the provision of the Payment of Gratuity Act, 1972 and the provision for the liability is made in the books.
- The Company has made provision for leave encashment dues as on the last date of the year.

##### 10. Taxation :

- Provisions for taxation is made after considering various reliefs admissible under the provisions of the Income Tax Act.
- Disputed amounts of tax are considered in contingent liabilities.
- 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.

##### 11. 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.

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

### B. Notes forming part of the accounts:

	Rupees	Rupees
1. Contingent Liabilities not provided for in respect of:		
(a) Disputed Income/Sales Tax Liability	47,88,802	(22,85,695)
(b) Estimated amounts of contracts remaining to be executed on Capital Account.	5,42,00,000	(11,00,000)
(c) EPCG Benefits (Customs Duties payable if export obligations not met).	1,94,59,656	(1,46,55,139)
<b>Total</b>	<b>7,84,48,458</b>	<b>(1,80,40,834)</b>

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	47,70,234	A Y 2002-03	CIT (A)
Less:	Refund Dues	6,24,783		
	<b>Net Liability</b>	<b>41,45,451</b>		
Sales Tax	Sales Tax	3,36,657	F Y 1992-93	MST (Tribunal)
Sales Tax	Sales Tax	59,642	F Y 1993-94	MST (Tribunal)
Sales Tax	Sales Tax	1,37,826	F Y 1994-95	MST (Tribunal)
Sales Tax	Sales Tax	1,09,226	F Y 1995-96	MST (Tribunal)
	<b>Total ST Liability</b>	<b>6,43,351</b>		
	<b>TOTAL LIABILITY</b>	<b>47,88,802</b>		

### 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. The closing stock of Raw Materials-Gold includes Gold valued at Rs. 10,25,52,522/- (Rs.2,79,81,080 ) taken on loan from Banks under the EXIM Scheme.
  4. Legal and Professional charges include payment to Statutory Auditors :

	Rupees	Rupees
(a) Audit Fees	210,000	(210,000)
(b) Tax Audit Fees	60,000	(60,000)
(c) As advisor or in any other capacity in respect of certification charges	105,000	(101,000)
(d) Reimbursement of expenses & Service Tax.	40,507	(23,605)
<b>Total</b>	<b>415,507</b>	<b>(394,605)</b>

5. The closing balance of Sundry Debtors and Creditors are subject to confirmation by the parties concerned.
6. Gratuity provision has been made at Rs. 1,81,453 (Rs.140,450) as per the provisions of the Payment of Gratuity Act,1972. The Company has ascertained gratuity liability on the basis of Actuarial Valuation as on 31.03.2005.
7. During the year a net gain on account of Foreign Exchange Fluctuation amounting to Rs.8,94,27,326/- (Rs.6,81,87,905) has been recognized in the Profit and Loss Account.
8. Loans and Advances includes Lease Deposits of Rs. 1,20,00,000 (Rs. 1,20,00,000) given to various parties for taking premises on lease.
9. The Company has taken gold on loan from various banks in India / Abroad amounting to Rs. 407,58,91,552 (Rs.64,43,75,921).The said gold has been processed and sales of jewellery made. As per the provision of the EXIM Policy, 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 with the difference of sale and purchase amount being recorded to respective accounts. This has no effect on the Profit of the Company.
10. The Company on the basis of legal advice, during the year has adjusted the dividends payable against the amounts due from shareholders who have not paid their call monies in respect of warrants subscribed by them. The amount of dividend adjusted against the Share premium Account is Rs. 26,68,290 (Rs. 22,95,237).
11. There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection fund.
12. 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 here below :

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005 SEGMENT INFORMATION FOR THE YEAR ENDED 31st MARCH, 2005.

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

	Diamond	Jewellery	Engineering	Un-allocated	Total
<b>REVENUE</b>					
Sales	54,519	48,286	04	36	102,845
	(50,171)	(22,205)	(11)	(43)	(72,430)
<b>RESULT</b>					
Segment Result	1,545	2,780	-39	Nil	4,286
	(1,820)	(1,828)	(-75)	(Nil)	(3,573)
Bank interest / charges				1,037	1,037
				(1,230)	(1,230)
Profit before tax					3,249
					(2,343)
Provision for tax					
Current					173
					(150)
Deferred					8
					(4)
Profit after tax					30,68
					(2,189)
<b>OTHER INFORMATION</b>					
Segment Assets	47,578	35,575	49	—	83,202
	(64,142)	(16,088)	(247)	(3,988)	(84,465)
Segment Liabilities	4,120	17,223	—	—	21,343
	(9,881)	(7,913)	(2)	(—)	(17,796)
Share Capital & Reserves					49,502
					(45,641)
Deferred Taxation					243
					(235)
Non-cash expenses other than depreciation					57
					(95)

(ii) Information about Secondary Business Segment:

Statement of continent wise sale :

	Amount (Rs.)
North America	2,700,035,885
	(1,762,463,130)
Europe	709,532,155
	(85,777,454)
Middle East	4,392,620,370
	(3,190,763,253)
Asia (Incl. Japan and Fiji)	24,78,510,469
	(2,199,778,311)
<b>Total</b>	<b>102,80,698,879</b>
	<b>(7,238,782,148)</b>

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

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

i) List of Related Parties :	Particulars
Subsidiary	Koradiam N V
Associates	Forever Precious Jewellery & Diamonds Ltd, Forever Diamonds Private Limited, Su-Raj Jewellery (India) Limited, Su-Raj Diamond Dealers Limited
Key Management Personnel	Jatin R Mehta
Enterprise with common key management personnel	Nil
Enterprise in which key management personnel and their relatives have significant influence	Su-Raj Diamond Traders Pvt Ltd., J. R. Diamonds Pvt Ltd, Su-Raj Diamond Consultancies Pvt Ltd., Diadem Investment and Finance Pvt Ltd., Bombay Diamonds Company Pvt Ltd., Firstrate Diamonds Pvt Ltd., Euro Auto Pvt Ltd., Precious Jewels Exports Pvt. Ltd. Collection Diamond Exports Pvt. Ltd., Hira Exports Pvt Ltd. Kings Jewel Exports Pvt. Ltd., Su-Raj UK Industries Ltd. Jatin R.Mehta (HUF), Ms.Sonia J.Mehta, S.J.& Co.
Relative of key management personnel	

### A. Transaction for the year ended 31-03-2005.

	Subsidiaries	Associates	Enterprise in which key management personnel have significant influence	Key Management personnel and his Relatives	TOTAL
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
1. Purchases	170,543,181	10,380,689	41,137,863	Nil	222,061,733
	(16,923,439)	(58,395,000)	(9,700,000)	(Nil)	(85,018,439)
2. Sales	87,596,789	101,094,984	462,770	Nil	189,154,543
	(21,197,401)	(63,048,000)	(9,997,866)	(Nil)	(94,243,267)
3. Purchase of Fixed Assets	Nil	480,000	Nil	Nil	480,000
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
4. Sales of Fixed Assets	Nil	1,500,000	82,289	Nil	1,582,289
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
5. Labour charges paid	Nil	12,840,265	20,157,162	Nil	32,997,427
	(Nil)	(18,907,983)	(15,831,975)	(Nil)	(34,739,958)
6. Lease Rent	Nil	Nil	18,387	Nil	18,387
	(Nil)	(Nil)	(24,000)	(Nil)	(24,000)
7. Loan Given	Nil	Nil	10,000	Nil	10,000
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
8. Loan Received	Nil	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
9. Guarantee Given	Nil	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
10. Equity contribution	Nil	33,249,230	Nil	Nil	33,249,230
	(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
<b>B. Outstanding as on 31.03.2005</b>					
1. Debtors	41,475,002	55,027,596	37,815,234	Nil	134,317,832
	(53,342,432)	(898,173)	(1,09,20,572)	(Nil)	(6,51,61,177)
2. Creditors	57,897,105	6,292,603	Nil	Nil	64,189,708
	(59,106,532)	(9,340,997)	(Nil)	(Nil)	(68,447,529)
3. Lease Deposits	Nil	Nil	3,000,000	9,000,000	12,000,000
	(Nil)	(Nil)	(3,000,000)	(9,000,000)	(12,000,000)

14. 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 parties. Rental expenses for operational leases recognized in the Profit and Loss Account for the year is Rs. 13,11,058 (Rs. 11,20,661).

Minimum future lease rentals payable are :

	Rupees	Rupees
(a) Payable within one year	<b>280,000</b>	(870,458)
(b) Payable within one year and five years.	<b>120,000</b>	(Nil)
(c) Payable after five years.	<b>Nil</b>	(Nil)

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

	Rupees	Rupees
(a) Receivable within one year	<b>400,000</b>	(540,000)
(b) Receivable between one year and five years	<b>800,000</b>	(1,000,000)
(c) Receivable after five years	<b>Nil</b>	(Nil)

15. Earnings per share:

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

	Rupees	Rupees
Net Profit as per Profit and Loss Account available to shareholders	<b>306,882,802</b>	(218,880,561)
Weighted average no. of Equity Shares	<b>39,987,535</b>	(38,782,973)
39,750,811 Equity Shares fully paid of Rs.10 each		39,750,811
473,447 Equity Shares partly paid up of Rs. 5 each = Rs. 2,367,235		
Hence fully paid up Equity Shares of Rs. 10 each		2,36,724
Total No. of Equity Shares		<u>39,987,535</u>
Earnings per Share (Basic and Diluted)	<b>7.67</b>	(5.64)



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

16. 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.  
As a result the deferred tax liability for the year aggregating to Rs. 807,153/- has been recognized in the Profit and Loss account, the details of which are as under.

Particulars	Balance carried As at 31.03.2004 (Rs.)	Arising during the year (Rs.)	Balance carried As at 31.03.2005 (Rs.)
<b>Deferred Tax Liabilities</b>			
Depreciation	(20,912,347)	(808,966)	(21,721,313)
Amortization of Preliminary Expenses	(1,813)	1,813	(-)
Short Term Capital Gain	(2,850,924)	—	(2,850,924)
<b>Total</b>	<b>(23,765,084)</b>	<b>(807,153)</b>	<b>(24,572,237)</b>
<b>Deferred Tax Assets</b>			
Short Term Capital Loss	215,104	Nil	215,104
<b>Total</b>	<b>215,104</b>	<b>Nil</b>	<b>215,104</b>

17. 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.

18. 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 required provision.

	Rupees	Rupees
19. Payment to Directors:		
Salaries	900,000	(900,000)
Meeting Fees	60,000	(67,500)
Total	960,000	(967,500)

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

	Rupees	Rupees
Profit before tax as per Profit and Loss Account	324,989,955	(234,329,280)
Add: Managerial Remuneration	900,000	(900,000)
Less: Profit on sale of fixed assets	190,254	(24,631)
Profit on sale of investments	271,520	(Nil)
Profit for Director's Commission	325,428,181	(235,204,649)
Calculation of Commission @ 1% of the net profit as per schedule XIII to the Companies Act, 1956	3,254,282	(2,352,046)

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

	Rupees	Rupees
a) Value of Imports on CIF basis		
Raw Materials	7,605,836,875	(5,427,941,311)
Stores and Spares	2,902,464	(2,341,283)
Capital Goods	27,461,882	(6,780,149)
	7,636,201,221	(5,437,062,743)
b) Expenditure in foreign currency on account of		
Travelling Expenses	503,546	(287,296)
Others	515,109	(Nil)
	1,018,655	(287,296)
c) i) Break-up of the value of Raw Materials Consumed:	Rupees	Percentage
Imported	7,665,191,384	80
	(5,529,640,361)	(78)
Indigenous	1,871,387,512	20
	(1,456,148,768)	(22)
	9,536,578,896	100
	(6,985,789,129)	(100)
ii) Break-up of Stores and Spares Consumed:		
Imported	2,242,361	42
	(8,751,864)	(68)
Indigenous	3,136,646	58
	(6,922,586)	(32)
	5,379,007	100
	(15,674,450)	(100)

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

d) Remittance of dividend in foreign currency :		
No. of Non-Resident Shareholders	27	28
No. of shares held by them	33,971	33,971
Dividend Year	2003-2004	2002-2003
Dividend Amount	Rs. 33,971	Rs. 27,177
e) Earning in Foreign Exchange :	<b>Rupees</b>	<b>Rupees</b>
i) Export of Goods on F.O.B. basis	9,693,834,764	(6,721,247,280)
ii) Recovery of Freight and Insurance	6,486,565	(4,320,376)
	<b>9,700,321,329</b>	<b>(6,725,567,656)</b>

22. 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 and press pots)

	Diamond Division	Jewellery Division	Engineering Division
i) Licensed Capacity :	Not-Applicable	Not-Applicable	Not-Applicable
ii) Installed Capacity :	Not-Applicable	Not-Applicable	46,00,000 pcs (Pots) 2,500 Pcs. (Scaives)
iii) Actual Production :	15,62,540.79 cts. (11,91,986.23 cts.)	73,78,902.21 gms. (8,29,613.33 gms)	5,88,870 pcs (Pots) (14,64,286) pcs (Pots) Nil pcs. (Scaives) (Nil) pcs. (Scaives)

(b) 1. Manufacturing Goods :

Description	Unit	Opening Stock		Quantity	Sales		Closing Stock	
		Quantity	Value Rupees		Quantity	Value Rupees	Quantity	Value Rupees
<b>FINISHED GOODS</b>								
Fully Processed Polished Diamonds	Cts	110,744.77 (82,378.98)	1,018,429,269 (704,194,798)	1,613,508.21 (1,241,107.74)	5,389,565,519 (4,948,305,817)	63,430.49 (110,744.77)	907,170,108 (1,018,429,269)	
Gold and Platinum Jewellery Studded with Diamond and Other Stones	Gms.	8,470.64 (39.50)	5,858,523 (636,640)	609,231.28 (345,560.40)	364,433,582 (167,011,629)	5,014.87 (1,664.38)	3,000,462 (5,858,523)	
Plain Jewellery	Gms.	541.91 (-)	249,333 (-)	6,761,366.27 (3,192,539.44)	4,419,359,390 (2,053,694,035)	3,289.79 (541.91)	2,897,158 (249,333)	
Press Pots	Pcs.	199,861 (3,313,224)	159,889 (1,417,736)	558,870 (1,284,708.00)	437,951 (1,128,183)	30,000 (199,861)	19,500 (159,889)	
Diamond Scaives	Pcs.	- (659)	- (1,819,000)	- (-)	- (-)	- (-)	- (-)	
			1,024,697,014 (708,068,174)		10,173,796,442 (7,170,139,664)		913,087,228 (1,024,697,014)	
<b>2. Purchase and Sale of Traded Goods :</b>								
Polished Diamonds	Cts	- (-)	- (-)	- (51,792.20)	- (47,331,943)	- (-)	- (-)	
Gold and Platinum Jewellery Studded with Diamond and Other Stones	Gms	- (-)	- (-)	- (869.17)	- (2,704,742)	1,341 (-)	4,405,394 (-)	
Total			- (-)		- (50,036,685)		4,405,394 (-)	
Grand Total			1,024,697,014 (708,068,174)		10,173,796,442 (7,220,176,349)		917,492,622 (1,024,697,014)	

(c) Raw Material Consumed :

I DIAMOND DIVISION :		Quantity (Cts.)	Value (Rupees)
Description			
Rough Diamonds (including Rejection Diamonds)		367,322.83 (379,709.55)	851,351,900 (531,703,176)
Polished Diamonds		1,515,226.51 (1,120,352.01)	4,405,811,375 (4,457,370,138)
Precious, Semi-Precious and Other Stones		1,187,505.37 (473,546.00)	3,773,912 (2,767,829)
Total - I			5,260,937,187 (4,991,841,143)

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

	Quantity (Cts.)	Value (Rupees)
II JEWELLERY DIVISION :		
<u>Description</u>		
Gold	7,097,180.14 (3,425,671.97)	4,273,511,342 (1,993,052,838)
Silver	87,353.48 (3,996.14)	988,027 (35,586)
Alloy	211,445.51 (55,293.72)	648,867 (398,425)
Total - II		4,275,148,236 (1,993,486,849)
III ENGINEERING DIVISION :		
<u>Description</u>		
Steel Rods (Kgs)	4,400.00 (11,867.00)	209,382 (461,137)
Aluminium Pully(No.)	251.00 (-)	1,295 (-)
C S Blanks (No.)	708.00 (-)	48,191 (-)
Diamond Powder(Cts)	95,850.00 (-)	9,530.00 (-)
EN 31(Kgs)	2,193.00 (-)	- (-)
Others	- (-)	225,075 (-)
Total - III		493,473 (461,137)
GRAND TOTAL (I+II+III)		9,536,578,896 (6,985,789,129)

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

23. Capital Work-in-Progress comprises of :

	Rupees	Rupees
Plant and Machinery	4,383,647	(—)
Factory Building	251,666,309	(—)
Electrical Installation	689,370	(—)
Furniture and Fixture	232,289	(—)
Total	256,971,615	(—)

24. As per the information available with the Company, total outstanding due to small scale Industrial units at the end of the year is Rs. Nil (Nil)

25. Figures in brackets in notes 2 to 24 pertain to previous year.

26. Previous Year 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

**Rajnikant C Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 12<sup>th</sup> May, 2005

**Anil Cherian**  
Company Secretary

For and on behalf of the Board

**Jatin R Mehta**

Chairman-cum-  
Managing Director

**K N Bhandari**  
**Dharmendra Bhandari**  
**G Bharakatia**  
**Atul S Pethe**

} Director

# ANNUAL REPORT 2004-2005

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

(Rs. In Lacs)

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	3250	2343
<b>Adjustment for :</b>		
Depreciation	239	175
Interest and Bank Charges (Net)	420	902
Excess / short provision for Expenses/ Income for earlier year	(61)	-
(Profit)/ Loss on Sale of Assets (Net) and investments	(5)	-
Preliminary expenses written off	38	39
	<b>3881</b>	<b>3459</b>
Operating Profit before working capital changes		
<b>Adjustment for :</b>		
Trade and Other Receivables	(8217)	(4286)
Inventories	4385	(1264)
Trade Payable	5107	12982
	<b>5156</b>	<b>10891</b>
Deferred Tax	8	4
Taxes Paid	(200)	(257)
Interest Paid (Net)	(420)	(902)
Cash generated from operating activities	<b>4544</b>	<b>9736</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1856)	(225)
Sale of Fixed Assets	15	10
Capital WIP	(2570)	-
Purchase of Investments	(332)	(3788)
Net cash from investing activities	<b>(4743)</b>	<b>(4003)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Premium	736	-
Repayment of Short Term Loans	(303)	2126
Proceeds from Share Capital	120	-
Dividend Paid	(406)	(306)
Tax on Proposed Dividend	(52)	(41)
Net cash from financing activities	<b>95</b>	<b>1779</b>
Net increase/ (decrease) in cash and cash equivalent (A+B+C)	<b>(104)</b>	<b>7512</b>
Cash and Cash Equivalent as at 1st April, 2004 (Opening Balance)	<b>10795</b>	<b>3283</b>
Cash and Cash Equivalent as at 31st March, 2005 (Closing Balance)	<b>10691</b>	<b>10795</b>

As per our attached report of even date

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

**Rajnikant C Reshamwala**  
Partner  
Membership No. 5502

Mumbai, 12<sup>th</sup> May, 2005

**Anil Cherian**  
Company Secretary

For and on behalf of the Board

**Jatin R Mehta**

Chairman-cum-  
Managing Director

**K N Bhandari**  
**Dharmendra Bhandari**  
**G Bharakatia**  
**Atul S Pethe**

} Director



# 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	31/03/2005		

#### II Capital Raised during the year (Amount in Rupees Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	9,275,289	Total Assets	9,275,289
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##### Sources of Funds

Paid up Capital	399,875	Reserves and Surplus	4,495,705
Secured Loans	2,057,879	Unsecured Loans	616

##### Application of Funds

Net Fixed Assets	553,765	Investments	432,055
Net Current Assets	5,986,888	Misc. Expenditure	5,724
Accumulated Losses	NIL	Deferred Tax Liability	(24,357)

#### IV Performance of Company (Amount in Rs. Thousands)

Turnover	10,284,224	Total Expenditure	9,959,234
Profit Before Tax	324,990	Profit after Tax	306,883
Earnings per shares in Rs.	7.67	Dividend Rate (%)	12

#### V Generic Name of Three Pricpal 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

# ANNUAL REPORT 2004-2005

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

1	Name of the Subsidiary	<b>KORADIAM N.V</b>
2	Financial Period of the subsidiary ended on	31st March, 2005
3	Date from which it became a subsidiary	1st April ,2003
4	Shares of the Subsidiary held by the Company on the above date	
	a) Number and face value	30,088 Shares
	b) Extent of Holding	100%
5	Net aggregating 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 31st March 2005	Nil
	b) not dealt with in the accounts of the Company for the year ended 31st March 2005	Euro 52577
6	Net aggregating amount of Profits/ (Losses) 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 31st March 2005	Nil
	b) not dealt with in the accounts of the company for the year ended 31st March 2005	Nil

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For and on behalf of the Board

**Jatin R Mehta**

Chairman-cum-  
Managing Director

**K N Bhandari  
Dharmendra Bhandari  
G Bharakatia  
Atul S Pethe**

} Director

Mumbai, 12<sup>th</sup> May, 2005

**Anil Cherian**  
Company Secretary



# SU-RAJ DIAMONDS AND JEWELLERY LIMITED

## AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### The Board of Directors

#### Su-raj Diamonds & Jewellery Limited.

We have audited the attached consolidated balance sheet of Su-raj Diamonds group as at 31<sup>st</sup> March, 2005, and also the consolidated profit & 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 components. Our responsibility is to express an opinion on these financial statement based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosure 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 statement of the subsidiary, Koradiam N V , whose financial statement reflects total assets of Rs.58,95,19,403/- as at March 31, 2005, the total revenue of Rs. 147,47,26,087/- and cash out flow amounting to Rs. 3,32,34,765/- for the year then ended. These financial statements and other financial information have been audited by other Auditor whose report has been furnished to us, and our opinion is based solely on the report of the auditor.

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

Based on our audit and on consideration of reports of other auditors on separate financial Statements and on other financial information of the components, and to the best of our information and according to the explanation 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 Diamond Group as at 31<sup>st</sup> March, 2005.
- (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 flow for the year ended on that date.

For **R.C.Reshamwala & Co.**  
Chartered Accountant

**Rajnikant C.Reshamwala**  
Partner

Mumbai.  
12<sup>th</sup>May, 2005.

Membership No.5502.

# ANNUAL REPORT 2004-2005

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
<b>I. SOURCES OF FUNDS :</b>				
1. <b>Shareholders' Funds :</b>				
a) Share Capital	1	399,875,345		387,856,595
b) Reserves & Surplus	2	4,551,820,120		4,204,773,298
			4,951,695,465	4,592,629,893
2. <b>Loan Funds :</b>				
a) Secured Loans	3	2,057,878,588		2,088,713,182
b) Unsecured Loans		155,489,446		298,719,167
			2,213,368,034	2,387,432,349
	<b>TOTAL</b>		<b>7,165,063,499</b>	<b>6,980,062,242</b>
<b>II. APPLICATION OF FUNDS :</b>				
1. <b>Fixed Assets :</b>				
a) Gross Block	4	507,715,429		325,109,753
Less : Depreciation		207,014,529		184,046,823
Net Block		300,700,900		141,062,930
b) Capital Work-in-Progress		256,971,615		-
			557,672,515	141,062,930
2. <b>Investments :</b>	5		53,875,309	20,605,442
3. <b>Current Assets, Loans And Advances :</b>				
a) Inventories		1,721,394,521		2,274,606,864
b) Sundry Debtors		5,942,075,179		4,857,878,907
c) Cash and Bank Balances		1,144,119,203		1,187,796,027
d) Loans and Advances		241,202,864		472,288,730
		9,048,791,767		8,792,570,528
Less <b>Current Liabilities And Provisions :</b>				
a) Current Liabilities	7	2,387,748,297		1,873,814,764
b) Provisions		88,894,636		86,351,866
		2,476,642,933		1,960,166,630
Net Current Assets			6,572,148,834	6,832,403,898
4. <b>Deferred Tax Liability ( Net ) :</b>	8		(24,357,133)	(23,549,980)
5. <b>Miscellaneous Expenditure :</b>	9			
( To the extent not written off or adjusted )			5,723,974	9,539,952
	<b>TOTAL</b>		<b>7,165,063,499</b>	<b>6,980,062,242</b>
NOTES ON ACCOUNTS	13			

As per our attached report of even date

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

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.

For and on behalf of the Board

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**K. N. Bhandari**

**Dharmendra Bhandari**

**G. Bharakatia**

**Atul S. Pethe**

Director

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedules	Current Year Rupees	Current Year Rupees	Previous Year Rupees
<b>I. INCOME</b>				
Sales		11,496,470,039		8,417,453,164
Other Income	'10	3,537,760		4,391,091
			11,500,007,799	8,421,844,255
<b>II. EXPENDITURE</b>				
Material Cost	'11	10,834,512,021		7,844,829,590
Manufacturing and other expenses	'12	257,988,366		211,750,299
			11,092,500,387	8,056,579,889
<b>III. PROFIT</b>				
Profit before Interest and Depreciation			407,507,412	365,264,366
Interest		55,401,621		110,971,799
Depreciation		25,023,635		18,537,746
			80,425,256	129,509,545
Profit Before Tax			327,082,156	235,754,821
Provision for Tax				
a) Current		18,047,780		15,000,000
b) Deferred Tax		807,153		448,719
			18,854,933	15,448,719
Profit After Tax			308,227,223	220,306,102
Balance brought forward from Previous Year			577,793,135	435,025,046
			886,020,358	655,331,148
Add :				
Excess/ (Short) Provision for Expenses/ Income of earlier years ( Net )			(505,324)	2,888,430
Excess/(Short) Provision for Tax ( Net )			(5,559,733)	(13,512,836)
Profit available for appropriation	<b>Total</b>		<b>879,955,301</b>	<b>644,706,742</b>
<b>IV. APPROPRIATIONS</b>				
Proposed Dividend			48,269,110	40,224,258
Tax on Dividend			6,772,156	5,153,733
Transfer to General Reserve			101,699,500	11,535,616
Transfer to Exchange Fluctuation Reserve			25,000,000	10,000,000
Balance carried to Balance Sheet			698,214,535	577,793,135
	<b>Total</b>		<b>879,955,301</b>	<b>644,706,742</b>
Earnings per share(Basic & Diluted)			7.71	5.68
NOTES ON ACCOUNTS	13			

As per our attached report of even date

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

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.

For and on behalf of the Board

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**K. N. Bhandari**

**Dharmendra Bhandari**

**G. Bharakatia**

**Atul S. Pethe**

} Director

# ANNUAL REPORT 2004-2005

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 1 : SHARE CAPITAL</b>			
<b>Authorised</b>			
7,00,00,000 Equity Shares of Rs. 10/- each ( Previous Year : 7,00,00,000 Equity Shares of Rs. 10/- each )		<b>700,000,000</b>	<b>700,000,000</b>
<b>Issued and Subscribed</b>			
4,02,24,258 Equity Shares of Rs. 10/- each ( Previous Year : 4,02,24,258 Equity Shares of Rs. 10/- each )		<b>402,242,580</b>	<b>402,242,580</b>
<b>Paid-up</b>			
4,02,24,258 Equity Shares of Rs. 10/- each ( Previous Year : 4,02,24,258 Equity Shares of Rs. 10/- each ) Less : Calls Unpaid - Other than Directors		<b>402,242,580</b> <b>2,367,235</b>	<b>402,242,580</b> <b>14,385,985</b>
<b>TOTAL</b>		<b>399,875,345</b>	<b>387,856,595</b>
Note: Of the above paid-up Capital, Rs. 10,48,06,450 represents capitalisation of General Reserve by issue of 1,04,80,645 Equity Shares of Rs. 10 each fully paid up as Bonus Shares.			
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>			
<b>Capital Reserve</b>			
As per last Balance Sheet	76,892,715		50,341,338
Add : on consolidation	-		26,551,377
		<b>76,892,715</b>	<b>76,892,715</b>
<b>Share Premium Account</b>			
Premium Receivable	1,716,514,830		1,716,514,830
Less: Allotment Money in Arrears	8,004,832		8,280,060
Less: Call Money in Arrears	6,825,037		80,171,212
		<b>1,701,684,961</b>	<b>1,628,063,558</b>
<b>General Reserve</b>			
As per last Balance Sheet	1,912,023,890		1,900,488,274
Add : on consolidation	116,550		1,535,616
Add : Amount transferred from Profit and Loss Account	101,699,500		10,000,000
		<b>2,013,839,940</b>	<b>1,912,023,890</b>
<b>Exchange Fluctuation Reserves</b>			
As per last Balance Sheet	10,000,000		-
Add : Amount transferred from Profit and Loss Account	25,000,000		10,000,000
		<b>35,000,000</b>	<b>10,000,000</b>
<b>Foreign Currency Translation Reserve</b>			
As per last Balance Sheet	-		-
Add : Exchange Difference on Consolidation	26,187,969		-
		<b>26,187,969</b>	-
<b>Surplus in Profit and Loss Account</b>		<b>698,214,535</b>	<b>577,793,135</b>
<b>TOTAL</b>		<b>4,551,820,120</b>	<b>4,204,773,298</b>
<b>SCHEDULE 3 : LOAN FUNDS</b>			
(a) <b>Secured Loans</b>			
<b>Short Term Loans from Banks</b>		2,057,659,032	2,088,401,703
Secured by hypothecation of stock-in-trade, book debts ( both present and future ), personal guarantee of a Director and mortgage by way of Title Deeds of the immovable properties comprising of land and other structure, fixed machinery and plant, fixtures and fittings erected or installed thereof situated at Bangalore, Jodhpur and Valsad; and Collateral Security of Land & Building offered by Bombay Diamond Company P. Ltd., Kohinoor Diamonds Pvt. Ltd. and Plant & Machinery of Forever Diamonds Pvt.Ltd. The Company also has non-fund credit facility of Rs. 218.25 Crores, with the Consortium of Bankers, secured against above Assets and Fixed Deposits.			
<b>Term Loans from Banks/Financial Institution</b> (Secured by hypothecation of Vehicle)		219,556	311,479
<b>TOTAL</b>		<b>2,057,878,588</b>	<b>2,088,713,182</b>
(b) <b>Unsecured Loans</b>			
Short Term Loans from Banks		155,489,446	298,719,167
		<b>155,489,446</b>	<b>298,719,167</b>

# SU-RAJ DIAMONDS AND JEWELLERY LIMITED



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005

### SCHEDULE 4 : FIXED ASSETS

Description of Asset	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK			
	As At 1st April 2004 Rs.	Additions during the year Rs.	Sales during the year Rs.	Adjustment during the year Rs.	As At 31st March, 2005 Rs.	As At 1st April 2004 Rs.	Sales during the year Rs.	Adjustment during the year Rs.	Provided during the year Rs.	As At 31st March, 2005 Rs.	As At 31st March, 2005 Rs.	As At 31st March 2004 Rs.
1. Leasehold Land	7,232,169	—	—	—	7,232,169	32,600	—	—	2,318	34,918	7,197,251	7,199,569
2. Factory Premises	70,485,265	2,102,939	—	—	72,588,204	25,910,298	—	—	5,115,225	31,025,523	41,562,681	44,574,967
3. Office Premises	—	147,931,028	—	—	147,931,028	—	—	—	3,384,176	3,384,176	144,546,852	—
4. Plant and Machinery	187,121,614	26,746,460	2,519,210	—	211,348,864	117,499,155	1,167,157	—	11,557,053	127,889,051	83,459,813	69,622,459
5. Furniture and Fixtures	12,691,705	1,700,149	469,136	—	13,922,718	8,454,434	469,136	—	737,913	9,723,211	4,199,507	3,237,271
6. Electrical Inst.	18,813,047	1,114,568	206,210	—	19,721,405	11,866,417	206,210	—	1,077,185	12,373,392	6,984,013	6,946,630
7. Equipment	9,147,514	1,058,744	62,450	—	10,143,808	6,076,404	21,523	—	522,482	6,577,363	3,566,445	3,071,110
8. Air-conditioners	6,686,002	883,521	—	—	7,569,523	4,705,578	—	—	295,056	5,000,634	2,568,889	1,980,424
9. Computers	9,245,121	1,747,469	—	—	10,992,590	6,288,345	—	—	1,545,356	7,833,701	3,158,889	2,956,776
10. Vehicles	3,687,316	2,555,622	516,959	—	5,725,979	2,213,592	451,904	—	786,871	2,548,559	3,177,420	1,473,724
Difference in F. E. C.	—	—	—	—	539,141	—	—	—	—	260,001	279,140	—
<b>CURRENT YEAR'S TOTAL</b>	<b>325,109,753</b>	<b>185,840,500</b>	<b>3,773,965</b>	<b>—</b>	<b>507,715,429</b>	<b>184,046,823</b>	<b>2,315,930</b>	<b>—</b>	<b>25,023,635</b>	<b>207,014,529</b>	<b>300,700,900</b>	<b>141,062,930</b>
<b>PREVIOUS YEAR'S TOTAL</b>	<b>290,435,937</b>	<b>39,560,478</b>	<b>4,895,004</b>	<b>8,342</b>	<b>325,109,753</b>	<b>169,860,001</b>	<b>4,352,136</b>	<b>1,212</b>	<b>18,537,746</b>	<b>184,046,823</b>	<b>—</b>	<b>141,062,930</b>

#### NOTE :

The value of the capital work-in-progress capitalised during the year amounted to Rs. NIL (Previous Year Rs. 1,74,47,575)  
The various items of expenditure comprised therein are :

#### PARTICULARS

- 1) Factory Premises
- 2) Plant & Machinery
- 3) Leasehold Land
- 4) Electrical Installation
- 5) Furniture and Fixture
- 6) Vehicles
- 7) Computers
- 8) Equipments
- 9) Pre-Operative Expenses

#### CURRENT YEAR RUPEES

#### PREVIOUS YEAR RUPEES

—	(8,799,415)
—	(2,172,034)
—	(2,800,000)
—	(923,287)
—	(731,804)
—	(3,812)
—	(43,315)
—	(78,224)
—	(1,895,684)
—	(17,447,575)

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 5 : INVESTMENTS : (AT COST) - UNQUOTED</b>			
<b>Long Term</b>			
<b>In Government Securities</b>			
2 (Previous Year : 2) Indira Vikas Patra of Rs. 500 each National Savings Certificates	1,000 5,000	6,000	1,000 5,000 6,000
<b>Other Companies</b>			
10 (Previous Year 10) Equity Shares of PLC Su-Raj Euro Jewel		351,079	330,442
20,00,000 (Previous Year 20,00,000) Equity Shares of Rs. 10 each of Su-Raj Diamond Dealers Limited Fully Paid-up		20,000,000	20,000,000
931,351 (Previous Year NIL ) Equity Shares of Rs.10 each of Forever Precious Jewellery & Diamonds Private Limited		33,249,230	—
6,900 (Previous Year : 6,900) Equity Shares of Rs. 10 each of Su-Raj UK Industries Ltd., Fully paid-up		69,000	69,000
20,000 (Previous Year : 20,000) Equity Shares of Rs. 10 each of Su-Raj Jewellery (India) Ltd.		2,00,000	2,00,000
		<b>53,869,309</b>	<b>20,599,442</b>
<b>TOTAL</b>		<b>53,875,309</b>	<b>20,605,442</b>

# ANNUAL REPORT 2004-2005

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2005

	Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 6 : CURRENT ASSETS LOANS AND ADVANCES</b>			
<b>Current Assets</b>			
<b>(a) Inventories</b> ( As certified by a Director )			
<b>I. Stores and Spare Parts ( At Cost )</b>			
<b>II. Stock-in-Trade</b>			
<b>(i) Raw Materials</b> (Valued "At Cost" or " Net Realisable Value" whichever is lower)			
Diamonds	439,998,254		1,193,144,996
Gold and Alloy	106,202,835		37,242,596
Precious, Semi-precious and Other Stones	3,019,392		1,196,371
Others	975,962		1,209,998
	<u>550,196,443</u>		<u>1,232,793,961</u>
<b>(ii) Semi Finished Goods (At Cost of Materials)</b>	1,561,002		7,906,332
<b>(iii) Finished Goods</b> (Valued " At Cost" or "Net Realisable Value" whichever is lower )			
Diamonds and Studded Jewellery	1,159,908,950		1,024,537,125
Press Pots and Diamond Scaives	19,500		159,889
	<u>1,159,928,450</u>		<u>1,024,697,014</u>
		<b>1,711,685,895</b>	<b>2,265,397,307</b>
		<b>1,721,394,521</b>	<b>2,274,606,864</b>
<b>(b) Sundry Debtors</b> ( Unsecured , considered good )			
Debts outstanding for a period exceeding six months	870,493,464		340,219,296
Other Debts	5,071,581,715		4,517,659,611
		<b>5,942,075,179</b>	<b>4,857,878,907</b>
<b>(c) Cash and Bank Balances</b>			
Cash on hand	3,460,223		5,487,512
Balance with Scheduled Banks :			
In Current Account ( including cheques on hand Rs. 2,50,00,000; Previous Year Rs. 4,69,96,034 )	115,846,549		154,308,436
In Fixed Deposit Accounts	1,002,969,217		1,011,643,906
In Margin Money Accounts	21,843,214		16,356,173
		<b>1,144,119,203</b>	<b>1,187,796,027</b>
TOTAL ' A '		<b>8,807,588,903</b>	<b>8,320,281,798</b>
<b>(d) Loans &amp; Advances</b> ( Unsecured , considered good )			
Advances recoverable in cash or in kind or for value to be received	208,655,693		432,248,199
Loans and advances to Employees	3,557		43,544
Advance payment of Income-tax	32,543,614		39,996,987
		<b>241,202,864</b>	<b>472,288,730</b>
TOTAL ' B '		<b>241,202,864</b>	<b>472,288,730</b>
TOTAL ' A ' + ' B '		<b>9,048,791,767T</b>	<b>8,792,570,528</b>



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

	Rupees	Rupees	Rupees
<b>SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. Current Liabilities</b>			
a) Sundry Creditors	2,374,971,376		1,854,316,503
b) Due to Directors	307,050		358,550
c) Unclaimed Dividend	9,295,491		9,688,716
d) Other Liabilities	3,174,380		9,450,995
		<b>2,387,748,297</b>	<b>1,873,814,764</b>
<b>B. Provisions</b>			
a) Taxation	33,047,780		40,057,425
b) Provision for Gratuity	805,590		916,450
c) Proposed Dividend	48,269,110		40,224,258
d) Tax on Dividend	6,772,156		5,153,733
		<b>88,894,636</b>	<b>86,351,866</b>
TOTAL		<b>2,476,642,933</b>	<b>1,960,166,630</b>
<b>SCHEDULE 8 : DEFERRED TAX</b>			
<b>Deferred Tax Assets and Liabilities</b>			
<b>Assets</b>			
Provision for Long Term Capital Loss		<b>215,104</b>	215,104
<b>Liabilities</b>			
Preliminary expenses	-		(1,812)
Provision for Short Term Capital Gain	(2,850,924)		(2,850,924)
Provision for Depreciation	(21,721,313)	<b>(24,572,237)</b>	<b>(20,912,348)</b>
TOTAL		<b>(24,357,133)</b>	<b>(23,549,980)</b>
<b>SCHEDULE 9 : MISCELLANEOUS EXPENDITURE</b>			
( To the extent not written off or adjusted )			
a) Preliminary Expenses		1,722,360	2,870,601
b) Commission and Brokerage on subscription of shares		4,001,614	6,669,351
TOTAL		<b>5,723,974</b>	<b>9,539,952</b>
<b>SCHEDULE 10 : OTHER INCOME</b>			
Interest Received		1,530,865	2,390,272
Labour Charges Received		329,362	884,454
Profit on Sale of Assets (Net )		271,520	24,631
Profit on Sale of Investments		190,254	-
Dividend Received		8,195	-
Rent Received.		400,000	387,500
<b>Miscellaneous Receipts</b>			
From Others		807,564	704,234
TOTAL		<b>3,537,760</b>	<b>4,391,091</b>

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## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

	Current Year Rupees	Current Year Rupees	Previous Year Rupees
<b>SCHEDULE 11 : MATERIAL COST</b>			
<b>Raw Materials Consumed</b>			
Opening Stock	875,646,449		1,066,857,736
Add : Purchases	10,248,861,656		7,913,408,827
	11,124,508,105		8,980,266,563
Less : Closing Stock	550,196,442		875,646,449
		<b>10,574,311,663</b>	<b>8,104,620,114</b>
<b>(Increase)/ Decrease in Semi-Finished Goods</b>			
Opening Stock of Semi-Finished Goods	7,906,332		3,122,004
Add : Purchase	5,228,584		267,147
	13,134,916		3,389,151
Closing Stock of Semi-Finished Goods	1,561,002		7,906,332
(Accretion)/Decretion in stock		<b>11,573,914</b>	<b>(4,517,181)</b>
<b>Goods Traded In</b>			
Opening Stock	-		-
Add : Purchases	4,405,394		49,245,734
	4,405,394		49,245,734
Less : Closing Stock	4,405,394		-
		<b>-</b>	<b>49,245,734</b>
<b>(Increase)/Decrease in Finished Goods</b>			
Opening Stock of Finished Goods	1,012,587,250		708,068,173
Add : Adjustments	391,562,250		-
	1,404,149,500		708,068,173
Closing Stock of Finished Goods	1,155,523,056		1,012,587,250
		<b>248,626,444</b>	<b>(304,519,077)</b>
( Accretion )/ Decretion in stock		<b>10,834,512,021</b>	<b>7,844,829,590</b>
<b>SCHEDULE 12 : MANUFACTURING AND OTHER EXPENSES</b>			
Salaries, Wages and Bonus	7,264,029		5,088,863
Contribution to Provident and other Funds	295,239		629,079
Workmen and Staff Welfare Expenses	399,201		252,686
		7,958,469	5,970,628
Directors' Remuneration		6,755,295	967,500
Labour Charges		92,387,997	78,785,704
Assortment and Valuation Charges		1,275,741	1,552,015
Packing Materials Consumed		213,365	77,233
Stores and Spare Parts Consumed		5,379,007	15,674,451
Power and Fuel		3,732,442	3,799,359
Electricity Charges		2,752,075	998,632
Freight and Forwarding		8,332,470	4,365,760
Postage and Telegram Charges		1,203,821	984,672
Telephone, Telex and Fax Charges		2,675,250	1,128,360
Advertisement and Sales Promotion Expenses		5,000,878	2,566,764
Lease Rent		5,147,117	1,120,661
Rates, Taxes and Duties			
(Including Rs. 21,27,555; Previous Year			
Rs. 27,29,072 towards Stamp Duty )		3,825,782	6,670,804
Travelling Expenses		6,550,853	4,927,408
Printing and Stationery		940,099	763,200
Licence, Registration and Other Fees		686,529	507,901
Repairs and Maintenance of :			
Buildings	555,531		657,956
Plant and Machinery	694,343		250,834
Others	1,427,775		1,151,764
		2,677,649	2,060,554
Insurance Charges ( Including Rs. 70,50,726			
Previous Year Rs. 55,82,146 for ECGC Premium			
reimbursed to banks )		15,643,144	10,136,075
Legal and Professional Charges		7,401,002	4,303,392
Bank Charges		63,702,199	32,874,839
Miscellaneous Expenses		8,316,104	26,019,973
Donations		1,615,100	1,522,000
Preliminary Expenses Written Off		3,815,978	3,815,978
Interest paid to others.		-	156,436
		<b>257,988,366</b>	<b>211,750,299</b>



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

### SCHEDULE 13:

#### NOTES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT.

##### A. Significant Accounting Policies:

##### 1. Basis of Accounting and Preparation of financial Statements:

- (a) 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, Accounting Standards (AS-23) – Accounting for Investments in Associates issued by the Institute of Chartered Accountants of India.
- (b) All income and expenditure items are accounted on accrual basis.
- (c) 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:

- (a) The consolidated financial statements comprise the financial statement of Su-Raj Diamonds & Jewellery Limited ("The Company") and its wholly owned subsidiary being a foreign company, Koradium N.V.
- (b) 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.
- (c) The accounts of the foreign subsidiaries have been prepared in compliance with the local laws applicable
- (d) 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.
- (e) 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 the Chartered Accountants of India.
- (f) The excess of the share of equity in the subsidiary over its cost of investment is recognized as Capital Reserve in the 1<sup>st</sup> year and thereafter recognized as Foreign Currency Translation reserve and adjusted under the head Reserves and Surplus.

##### 3. Reporting Dates of Subsidiary for Consolidation

For the purpose of preparing these statements, the financials of the parent and Koradium N.V, its 100% subsidiary, the figures of the Subsidiary are for a period of 15 months i.e. for the period 01.01.2004 to 31.03.2005.

##### 4. Fixed Assets:

- (a) All fixed assets are valued at cost less depreciation.
- (b) Exchange differences relating to the acquisition of fixed assets are adjusted in the cost of the assets.

##### 5. Work in Progress :

- (a) The costs 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.
- (b) 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.
- (c) Similarly, goods, which are under production and cannot be termed as finished goods are treated as work in progress.

##### 6. Investments :

Investments are stated at Cost of acquisition.

##### 7. Depreciation :

###### Indian Company

- (a) 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.
- (b) Depreciation on additions and on sale/disposal of fixed aseets is computed pro-rata on day to day basis from the date of purchase or upto the date of sale.
- (c) Depreciation on new unit is taken from the date of commissioning of the unit.
- (d) Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year.

###### Foreign Company

- (a) Depreciation has been provided on the basis of the method and rates prevailing as per the local laws. The Depreciation is on "Straight line Basis".

##### 8. Inventories :

The Company has complied with AS-2 Valuation of Inventories issued by the Institute of Chartered

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry. Similarly in the Foreign Company, due to price fluctuation in market prices and the administration concerned, the foreign auditors are not able to judge the valuation of stock.

- (a) Raw Materials (Rough Diamonds, Precious stones, Gold, Silver, Alloys, Platinum, Pearls) are valued "At Cost"(ie cost of acquisition as on that date) or Net Realisable Value", whichever is lower.
- (b) Closing stock of other Raw Materials is valued "At Cost " or "Net Realisable Value" which ever is lower (means average cost with the proportionate value of freight and Clearing charges added to closing stock.)
- (c) Finished Goods of Jewellery and 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.
- (d) Finished Goods of engineering division 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.
- (e) Goods procured for trading (Studded and plain Jewellery and Diamonds are valued "At Cost or Net Realisable value", whichever is lower.
- (f) Semi Finished Goods of Engineering Division are valued "At Cost of Raw Materials."
- (g) Stores and Spares are valued "At Cost".
- (h) 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.

### 9. Foreign Exchange Transactions :

- (a) Transactions in foreign currency are accounted at the exchange 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 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 years Profit and Loss Account.

- (c) Current Assets and Current Liabilities not covered by forward exchange contracts 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 Profit/Loss on forward exchange contract undertaken to hedge exchange risk are recognized as income/expenses over the life of the Contract.

### 10. Preliminary Expenses :

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

### 11. Employees Retirement Benefits :

#### Indian Company

- (a) Gratuity liability due and payable on the last day of the accounting year is valued as per an Actuarial valuation in accordance with the provision of the Payment of Gratuity Act, 1972 and the provision for the liability is made in the books.
- (b) The Company has made provision for leave encashment dues as on the last date of the year.

#### Foreign Company

- (a) Employees retirement benefits are provided by the foreign company in accordance with the applicable local laws.

### 12. Taxation :

#### Indian Company

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

#### Foreign Company

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

### 13. 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.



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

### B. Notes forming part of the accounts:

1. Contingent Liabilities not provided for in respect of:

	Rupees	Rupees
(a) Disputed Income/ Sales Tax Liability	47,88,802	22,85,695
(b) Estimated amounts of contracts remaining to be executed on Capital Account.	5,42,00,000	11,00,000
(c) EPCG Benefits (Customs Duties payable if export obligations not met ).	1,94,59,656	1,46,55,139
<b>Total</b>	<b>7,84,48,458</b>	<b>1,57,55,139</b>

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the Amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	47,70,234	A Y 2002-03	CIT (A)
Less:	Refund Dues	6,24,783		
	<b>Net Liability</b>	<b>41,45,451</b>		
Sales Tax Act	Sales Tax	3,36,657	F Y 1992-93	MST (Tribunal)
Sales Tax Act	Sales Tax	59,642	F Y 1993-94	MST (Tribunal)
Sales Tax Act	Sales Tax	1,37,826	F Y 1994-95	MST (Tribunal)
Sales Tax Act	Sales Tax	1,09,226	F Y 1995-96	MST (Tribunal)
	<b>Total ST Liability</b>	<b>6,43,351</b>		
	<b>TOTAL LIABILITY</b>	<b>47,88,802</b>		

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. The closing stock of Raw Materials-Gold includes Gold valued at Rs. 10,25,52,522/- (Rs.2,79,81,080 ) taken on loan from Banks under the EXIM Scheme.

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

	Rupees	Rupees
(a) Audit Fees	210,000	210,000
(b) Tax Audit Fees	60,000	60,000
(c) As advisor or in any other capacity in respect of certification charges	105,000	41,000
(d) Reimbursement of expenses & Service Tax.	40,507	18,805
(e) Foreign Company Audit Fees	485,500	457,000
<b>Total</b>	<b>901,007</b>	<b>786,805</b>

5. The closing balance of Sundry Debtors and Creditors are subject to confirmation by the parties concerned.

6. Gratuity provision has been made at Rs. 1,81,453 (Rs.140,450) as per the provisions of the Payment of Gratuity Act,1972. The Company has ascertained gratuity liability on the basis of Actuarial Valuation as on 31.03.2005. Expense of Social Security by foreign company is Rs. 574,063. (Rs. 451,620/-)

7. During the year a net gain on account of Foreign Exchange Fluctuation amounting to Rs.8,94,27,326/- (Rs.6,81,87,905) has been recognized in the Profit and Loss Account.

8. Loans and Advances includes Lease Deposits of Rs. 1,20,00,000 (Rs. 1,20,00,000) given various parties for taking premises on lease.

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

9. The Company has taken gold on loan from various banks in India / Abroad amounting to Rs. 407,58,91,552 (Rs.64,43,75,921).The said gold has been processed and sales of jewellery made. As per the provision of the EXIM Policy, 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 with the difference of sale and purchase amount being recorded to respective accounts. This has no effect on the Profit of the Company.

10. Earnings per share:

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

	<u>Rupees</u>	<u>Rupees</u>
Net Profit as per Profit and Loss Account available to shareholders	308,227,221	(220,306,102)
Weighted average no. of Equity Shares	39,987,535	(38,782,973)
39,750,811 Equity Shares fully paid of Rs.10 each	39,750,811	
473,447 Equity Shares partly paid up of Rs. 5 each = Rs. 2,367,235 Hence fully paid up Equity Shares of Rs. 10 each	<u>2,36,724</u>	
Total No. of Equity Shares	<u>39,987,535</u>	
Earnings per Share (Basic and Diluted)	7.71	(5.68)

11. 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.

As a result the deferred tax liability for the year aggregating to Rs. 807,153/- has been recognized in the Profit and Loss account, the details of which are as under.

Particulars	Balance carried As at 31.03.2005 (Rs.)	Arising during the year (Rs.)	Balance carried As at 31.03.2004 (Rs.)
<b>Deferred Tax Liabilities</b>			
Depreciation	(20,912,347)	(808,966)	(21,721,313)
Amortization of Preliminary Expenses	(1,813)	1,813	(-)
Short Term Capital Gain	(2,850,924)	—	(2,850,924)
<b>Total</b>	<b>(23,765,084)</b>	<b>(807,153)</b>	<b>(24,572,237)</b>
<b>Deferred Tax Assets</b>			
Short Term Capital Loss	<u>215,104</u>	—	<u>215,104</u>
<b>Total</b>	<b><u>215,104</u></b>	<b>—</b>	<b><u>215,104</u></b>

12. 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.
13. 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 required provision.
14. The Company on the basis of legal advice, during the year has adjusted the dividends payable against the amounts due from shareholders who have not paid their call monies in respect of warrants subscribed by them. The amount of dividend adjusted against the Share premium Account is Rs. 26,68,290 (Rs. 22,95,237).
15. There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection fund.
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 Segment are given here below :



## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

### SEGMENT INFORMATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

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

	Diamond	Jewellery	Engineering	Un-allocated	Total
<b>REVENUE</b>					
Sales	66,674	48,286	04	36	115,000
	(61,915)	(22,205)	(11)	(44)	(84,175)
RESULTSegment Result	1,721	2,780	-39	Nil	4,462
	(1,962)	(1,826)	(-75)	(Nil)	(3,713)
Bank interest / charges				1,191	1,191
				(1,354)	(1,354)
Profit before tax					3,271
					(2,359)
Provision for tax					
Current					181
					(150)
Deferred					8
					(4)
Profit after tax					30,82
					(2,205)
<b>OTHER INFORMATION</b>					
Segment Assets	60,976	35,575	49	—	96,600
	(62,270)	(16,088)	(247)	(3,988)	(82,593)
Segment Liabilities	6,993	17,223	—	—	24,216
	(7,546)	(7,913)	(2)	(—)	(15,461)
Share Capital & Reserves					50,065
					(46,103)
Deferred Taxation					243
Non-cash expensesother than depreciation					(235)
					57
					(95)

(ii) Information about Secondary Business Segment:  
Statement of continent wise sale :

	Amount (Rs.)
North America	313,78,94,387
	(182,91,00,144)
Europe	102,57,63,295
	(24,99,53,143)
Middle East	456,28,98,676
	(323,15,56,488)
Asia ( Incl. Japan and Fiji)	276,99,13,681
	(310,68,42,389)
Total	1149,64,70,039
	(841,74,53,164)

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

i) **List of Related Parties :**

Associates

Key Management Personnel

Enterprise with common key management personnel

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

Relative of key management personnel

**Particulars**

Forever Precious Jewellery & Diamonds Ltd, Forever Diamonds Private Limited, Su-Raj Jewellery (India) Limited, Su-Raj Diamond Dealers Limited

Jatin R Mehta

Nil

Su-Raj Diamond Traders Pvt Ltd., J. R. Diamonds Pvt Ltd,

Su-Raj Diamond Consultancies Pvt Ltd.,

Diadem Investment and Finance Pvt Ltd.,

Bombay Diamonds Company Pvt Ltd.,

Firstrate Diamonds Pvt Ltd.,

Euro Auto Pvt Ltd.,

Precious Jewels Exports Pvt. Ltd.

Collection Diamond Exports Pvt. Ltd

Hira Exports Pvt Ltd.

Kings Jewel Exports Pvt. Ltd.

Su-Raj UK Industries Ltd

Jatin R.Mehta (HUF), Ms.Sonia J.Mehta , S.J.& Co.

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## SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005.

### A. Transaction for the year ended 31-03-2005.

	Associates (Rs.)	Enterprise in which key management personnel have significant influence (Rs.)	Key Management personnel and his Relatives (Rs.)	TOTAL (Rs.)
1. Purchases	10,380,689 (58,395,000)	41,137,863 (9,700,000)	Nil (Nil)	51,518,552 (68,095,000)
2. Sales	101,094,984 (63,048,000)	462,770 (9,997,866)	Nil (Nil)	101,557,754 (73,045,866)
3. Purchase of Fixed Assets	480,000 (Nil)	Nil (Nil)	Nil (Nil)	480,000 (Nil)
4. Sales of Fixed Assets	1,500,000 (Nil)	82,289 (Nil)	Nil (Nil)	1,582,289 (Nil)
4. Labour charges paid	12,840,983 (18,907,983)	20,157,162 (15,831,975)	Nil (Nil)	32,997,427 (34,739,958)
5. Lease Rent	Nil (Nil)	18,387 (24,000)	Nil (Nil)	18,387 (24,000)
6. Loan Given	Nil (Nil)	10,000 (Nil)	Nil (Nil)	10,000 (Nil)
7. Loan Received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8. Guarantee Given	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
9. Equity contribution	33,249,230 (Nil)	Nil (Nil)	Nil (Nil)	33,249,230 (Nil)

### B. Outstanding as on 31.03.2005

1. Debtors	55,027,596 (898,173)	37,815,234 (1,09,20,572)	Nil (Nil)	92,842,830 (11,818,745)
2. Creditors	6,292,603 (9,340,997)	Nil (Nil)	Nil (Nil)	6,292,603 (9,340,997)
3. Lease Deposits	Nil (Nil)	3,000,000 (3,000,000)	9,000,000 (9,000,000)	12,000,000 (12,000,000)

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 parties. Rental expenses for operational leases recognized in the Profit and Loss Account for the year is Rs. 13,11,058 (Rs. 11,20,661).

Minimum future lease rentals payable are :

	Rupees	Rupees
(a) Payable within one year	280,000	(870,458)
(b) Payable within one year and five years.	120,000	(Nil)
(c) Payable after five years.	Nil	(Nil)

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

	Rupees	Rupees
(a) Receivable within one year	400,000	(540,000)
(b) Receivable between one year and five years	800,000	(1,000,000)
(c) Receivable after five years	(Nil)	(Nil)

19. Previous Year figures have been re-arranged and re-grouped wherever necessary.

As per our attached report of even date

For and on behalf of the Board

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

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**K. N. Bhandari**  
**Dharmendra Bhandari**  
**G. Bharakatia**  
**Atul S. Pethe**

Directors

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2005

	Current Year	(Rs. In Lacs) Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	3271	2359
Adjustment for :		
Depreciation	250	185
Interest and Bank Charges (Net)	554	1437
Excess / short provision for Expenses/ Income for earlier year	(61)	-
(Profit)/ Loss on Sale of Assets (Net) and investments	(5)	-
Preliminary expenses written off	38	38
	<u>4047</u>	<u>4019</u>
Operating Profit before working capital changes		
Adjustment for :		
Trade and Other Receivables	(8531)	(53305)
Inventories	5532	(22746)
Trade Payable	5136	19602
	<u>6184</u>	<u>(52430)</u>
Deferred Tax	8	235
Taxes Paid	(251)	-
Interest Paid (Net)	(554)	(1437)
Cash generated from operating activities	<u>5387</u>	<u>(53632)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1858)	(1595)
Sale of Fixed Assets	21	-
Purchase of F A (WIP)	(2570)	-
Purchase of Investments	(332)	(200)
Net cash from investing activities	<u>(4739)</u>	<u>(1795)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from unpaid Share Premium / Capital	856	3,878
(Repayments) / Proceeds of Short Term Loans	(1741)	23874
Proceeds from Parent Company Reserves	258	39,553
Dividend Paid	(406)	-
Tax on Proposed Dividend	(52)	-
Net cash from financing activities	<u>(1085)</u>	<u>67305</u>
Net increase/ (decrease) in cash and cash equivalent (A+B+C+)	(437)	11878
Cash and Cash Equivalent as at 1st April, 2004 (Opening Balance)	11878	-
Cash and Cash Equivalent as at 31st March, 2005 (Closing Balance)	11441	11878

As per our attached report of even date

For and on behalf of the Board

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

**Jatin R. Mehta**

Chairman-cum-  
Managing Director

**Rajnikant C. Reshamwala**  
Partner  
Membership No. 5502

**K. N. Bhandari**  
**Dharmendra Bhandari**  
**G. Bharakatia**  
**Atul S. Pethe**

Directors

**Anil Cherian**  
Company Secretary

Mumbai, 12th May, 2005.

# ANNUAL REPORT 2004-2005

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## Details of Subsidiary Company

Name of Subsidiary	Koradium N.V. # Amount in Rs.
1. Capital	422,722,300
2. Reserves & Surplus	11,923,301
3. Total Assets (Fixed Assets + Current Assets)	785,376,363
4. Total Liabilities (Debts+Current Liabilities)	351,081,841
5. Investments	351,079
6. Total Income	1,474,738,778
7. Profit Before Tax	2,978,513
8. Provision for Tax	747,780
9. Profit After Tax	2,230,733
10. Proposed Dividend and Tax thereon	-

# The financial statement of the subsidiary in Euro is converted into Indian rupees on the basis of appropriate exchange rate as on 31st March, 2005.

# 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 IDNo. \_\_\_\_\_

(Name in BLOCK letters) \_\_\_\_\_

I hereby record my presence at the 19<sup>th</sup> ANNUAL GENERAL MEETING of the Company held at Mahida Bhawan, Icchanath, Opp.S. V. R. Engineering College, Dumas Road, Surat 395 007 on Thursday, the 11<sup>th</sup> August, 2005 at 11.30 a.m.

\_\_\_\_\_  
Member's/Proxy's Signature

### NOTES:

1. 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 IDNo. \_\_\_\_\_

(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 19<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, the 11<sup>th</sup> August, 2005 at 11.30 a.m. or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

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:*

**MCS LIMITED**

**UNIT : SU-RAJ DIAMONDS AND JEWELLERY LIMITED**

Sri Venkatesh Bhavan, Plot No. 27, Road No. 11,  
M.I.D.C., Andheri (East), Mumbai - 400 093.