

# **SUNRAJ DIAMOND EXPORTS LTD.**



**29<sup>TH</sup> ANNUAL REPORT  
2018 - 2019**

# **SUNRAJ DIAMOND EXPORTS LTD.**

## BOARD OF DIRECTORS

<b>Sunil C. Gandhi</b>	: Director
<b>Sunny S. Gandhi</b>	: Executive Director
<b>Nirav K. Shah</b>	: Director
<b>Shruti Gandhi</b>	: Director
<b>Pravin Shah</b>	: Independent Director
<b>Hargovind Shah</b>	: Independent Director

(Resigned w.e.f 3rd May, 2019)

## CHIEF FINANCIAL OFFICER

**Prabodhchandra Joshi**  
(Appointed w.e.f. 1st June, 2019)

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Anshul Garg**  
(Appointed w.e.f. 7th May, 2019)

## BANKERS

**State Bank of India**  
**Bank of Baroda**  
**IndusInd Bank Ltd.**  
**HDFC Bank Ltd.**

## STATUTORY AUDITOR

**M/s. Shah Khakhi & Associates**  
*Chartered Accountants*

## REGISTRARS & SHARE TRANSFER AGENTS

**Adroit Corporate Services Pvt. Ltd.**  
17/18/19/20, Jaferbhoy Ind. Estate, 1st Floor, Makwana Road,  
Marol Naka, Andheri (East), Mumbai - 400059.  
E-mail: support@adroitcorporate.com

## REGISTERED OFFICE

1412 to 1414, Prasad Chambers, Opera House, Mumbai - 400004.

**NOTICE**

**SUNRAJ DIAMOND EXPORTS LIMITED**

(CIN: L36912MH1990PLC057803)

Registered Office: 1412-1414, Prasad Chambers, Opera House, Mumbai - 400004.

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Shareholders of **Sunraj Diamond Exports Limited** will be held at Seva Sadan Society Hall, Pandita Ramabai Road, Gamdevi, Mumbai - 400007 on Monday 30th September, 2019 at 3.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) i.e. Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss Account and the Cash Flow statement for the financial year ended on 31st March, 2019 and the reports of the Directors' and Auditors thereon.
2. To appoint a Director in place of Mr. Sunny Gandhi (DIN 00695322), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sunil Gandhi (DIN 00322196), who retires by rotation and being eligible, offers himself for re-appointment.
4. **Appointment of Statutory Auditor to fill Casual Vacancy.**

To consider and to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s Anoop Agarwal & Company, Chartered Accountants, (FRN No. 001739C), be and are hereby appointed as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/s Shah Khakhi & Associates, Chartered Accountants.

RESOLVED FURTHER THAT M/s Anoop Agarwal & Company, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from 13th August, 2019, until the conclusion of the 29th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

5. **Appointment of Statutory Auditor**

To consider and to pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s Anoop Agarwal & Company, Chartered Accountants, (FRN No. 001739C) be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of 5 years, from the conclusion of the 29th Annual General Meeting until the conclusion of the 34th Annual General Meeting to be held in the year 2024 on such remuneration and reimbursement of out of pocket expenses as may be determined and recommended by the Audit Committee in consultation with the Auditors and duly approved by the Board of Directors of the Company.”

6. **Re-appointment of Mr. Sunny Gandhi as Whole-time Director.**

To consider and to pass the following resolution as a **Special Resolution:**

“RESOLVED that pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the re-appointment of Mr. Sunny Gandhi (DIN 00695322), as a Whole-time Director of the Company, retiring by rotation with the designation Executive Director, for a period of 3 years effective from

## SUNRAJ DIAMOND EXPORTS LTD.

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1st October, 2019, on the remuneration and terms and conditions set out in the Explanatory Statement relating to this resolution with liberty and powers to the Board of Directors to alter and vary the terms, conditions and remuneration in such manner as the Board of Directors may deem fit and as is acceptable to Mr. Sunny Gandhi within the limits specified in the Act, including any statutory amendment, modifications or re-enactment thereof.”

RESOLVED FURTHER THAT the Board of Directors of the Company and Mr. Anshul Garg, Company Secretary, be and are hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.”

For and on behalf of the Board of Directors

### Registered Office

1412-1414, Prasad Chambers,  
Opera House,  
Mumbai - 400004.

Dated: 13<sup>th</sup> August, 2019

**ANSHUL GARG**

Company Secretary  
(Membership No. A43709)

### NOTES FOR SHAREHOLDERS' ATTENTION:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of Companies, Societies, etc., must be supported by an appropriate resolution/authority, as applicable.**

A person shall not act as a Proxy for more than 50 Members and holding in aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a Proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a Proxy for any other person.

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out all material facts and details relating to the Special Business i.e. for Item Nos. 4 to 6 is annexed hereto.
- Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards - 2 on “General Meetings”, the particulars of Directors proposed to be re-appointed at the Meeting, are annexed to the Notice.
- The Register of Members and Share Transfer Books of the Company will remain closed from 25/09/2019 to 30/09/2019 (both days inclusive).
- Members are requested to notify immediately any change of address;
  - To their Depository Participants (DPs) in respect of their electronic share accounts, and
  - To the Company's Registrar & Share Transfer Agents, M/s Adroit Corporate Services Pvt. Ltd. 17-20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri - East, Mumbai - 400 059, in respect of their physical share folios, if any, quoting their folio numbers.
- Members holding shares in physical form may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. The prescribed form can be obtained either from the website of the Company at [www.sunrajdiamonds.com](http://www.sunrajdiamonds.com) or from the Registrar & Share Transfer Agents at their aforesaid addresses.

7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company along with the proof thereof.
8. SEBI had vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 read with BSE circular no. list/comp/15/2018-19 dated July 05, 2018 directed that the transfer of securities would be carried out in dematerialized form only with effect from April 1, 2019, except in case of transmission or transposition of securities. However Members can continue to hold shares in physical form. In view of the above and to avail free transferability of shares and the benefits of dematerialization, members are requested to consider dematerialization of shares held by them in physical form. The Company will abide by the guidelines issued by Statutory Authorities from time to time in the matter.
9. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email IDs are registered with the Company or the Depository Participants, unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participants. Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
10. Members intending to require information about the financial Accounts, to be explained at the Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that the papers relating thereto may be made available.
11. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
12. Members are requested to bring their copy of the Annual report to the Meeting.
13. In compliance with Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide e-voting facility to the shareholders, to enable them to cast their vote electronically. The Company has engaged services of Central Depository Services (India) Limited (“CDSL”) for providing e-voting facility to Members. The facility for voting through Ballot Paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

**Process for e-voting:**

**The instructions for shareholders voting electronically are as under:**

**In case of shareholders receiving e-mail:**

- (i) The voting period begins on Friday 27th September, 2019 at 9.00 a.m. and ends on Sunday 29th September, 2019 at 5.00 p.m. During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 23rd September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.

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- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li><li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) Company as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e. "Sunraj Diamond Exports Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.



- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non-Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

13. Mrs. Grishma Khandwala, Practicing Company Secretary, (Membership No. 6515) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
14. The Scrutinizer shall after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman, who shall countersign the same and declare the result of the voting forthwith.
15. The Results declared alongwith the Scrutinizer's report shall be placed on the website of CDSL immediately after the declaration of result by the Chairman. The result shall also be immediately forwarded to BSE Limited where the shares of the Company are listed.

For and on behalf of the Board of Directors

**Registered Office**

1412-1414, Prasad Chambers,  
Opera House,  
Mumbai - 400004.

Dated: 13<sup>th</sup> August, 2019

**ANSHUL GARG**

Company Secretary  
(Membership No. A43709)

# SUNRAJ DIAMOND EXPORTS LTD.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

### Item Nos. 4&5

M/s. Shah Khakhi & Associates, Chartered Accountants, (FRN: 0126506W), Statutory Auditors of the Company tendered their resignation on 13th August, 2019, stating that they did not wish to continue as Statutory Auditors of the Company. Hence at the Board Meeting held on 13th August, 2019 M/s. Anoop Agarwal & Company, Chartered Accountants, (FRN: 001739C) were appointed to fill the casual vacancy created by the resignation of M/s. Shah Khakhi & Associates, the Statutory Auditors of the Company to conduct the audit for the financial year 2019 - 2020.

Pursuant to the provisions of Section 139(8) of the Companies Act, 2013, the Company needs to approve the appointment of M/s. Anoop Agarwal & Company, Chartered Accountants, in the General Meeting of the Company within 3 (three) months from the date of appointment by the Board.

Hence, approval of the Members is sought for the resolution proposed at item number 4 of the notice.

Further, the Company has proposed the appointment of M/s. Anoop Agarwal & Company as Statutory Auditors vide resolution at item number 5 of the notice, for the period of 5 (five) years from the conclusion of the ensuing Annual General Meeting until the conclusion of the 34th Annual General Meeting.

The Board of Directors recommend the resolutions for your approval.

None of the Directors and Key Managerial Personnel are interested in these resolutions.

### Item No. 6

Mr. Sunny Gandhi was re-appointed as Wholetime Director for a period of 3 years with effect from 1st October, 2016 to 30th September, 2019. The Shareholders had approved his re-appointment at the 26th Annual General Meeting held on 30th September, 2016. Based on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at their meeting held on 13th August, 2019 re-appointed Mr. Sunny Gandhi as Whole time Director designated as Executive Director for a further period of 3 years commencing from 1st October, 2019 to 30th September 2022, subject to the approval of the Members.

Mr. Sunny Gandhi, Whole time Director, subject to the supervision and control of the Board of Directors, shall carry out such duties and perform such other functions and services as may, from time to time, be assigned/entrusted to him by the Board.

Mr. Sunny Gandhi will be liable to retire by rotation and such retirement and re-appointment at the Annual General Meeting of the Company during the tenure of his office as Whole time Director shall not constitute cessation of office as Whole time Director.

The re-appointment of the Whole time Director will be on the following terms and conditions:

#### 1. Term of Office:

Name	Designation	Period
Mr. Sunny Gandhi	Executive Director	1st October, 2019 to 30th September, 2022

#### 2. Remuneration:

##### a) Salary

Name	Salary
Mr. Sunny Gandhi	Rs. 50,000/- to Rs. 1,00,000/- p.m.



The revision of salary in the above range, provided the same is within the limits specified under Schedule V to the Companies Act, 2013, will be subject to the approval of the Board of Directors of the Company.

**b) Perquisites**

- i. Reimbursement of entertainment expenses in the course of business of the Company.
- ii. Free use of Company's car along with driver, running and maintenance expenses.
- iii. Telephones, telefax and other Communication facilities at residence.
- iv. Subject to the statutory ceiling, the Whole time Director may be given any other allowances, perquisites, benefits and facilities as the Board of Directors may from time to time may decide.

The salary mentioned above will be inclusive of the perquisites/allowances valued as per Income tax Rules, wherever applicable and in the absence of any such rules, shall be valued at actual cost, subject to a limit of 25% of salary as per a) above.

**c) Other Perquisites**

- i. Company's contribution to Provident Fund, Superannuation Fund/ Annuity Fund to the extent these are singly or put together are not taxable under the Income Tax Act, 1961 (43 of 1961);
- ii. Gratuity at the rate of half a month's salary for each completed year of service; and
- iii. Encashment of leave at the end of the tenure.

The other perquisites mentioned at c) above shall not be included in the computation of perquisites for the purpose of ceiling on remuneration.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit within the maximum amount payable to Mr. Sunny Gandhi, Whole time Director, in accordance with the provisions of the Companies Act, 2013 or any amendments made therein.

**MINIMUM REMUNERATION:**

In the event of absence / inadequacy of profits in any financial year, the Company has to pay to the Directors remuneration within the ceiling limit prescribed in Schedule V to the Companies Act, 2013. Therefore, approval of the Shareholders is sought for payment of remuneration to Mr. Sunny Gandhi, Executive Director, not exceeding the limits specified in para A of Section II of Part II of Schedule V to the Companies Act, 2013. The perquisites mentioned in para 2 c) of this statement shall not be included in the computation of the ceiling on minimum remuneration.

Information pursuant to clause (iv) of the second proviso to Section II, Part II of Schedule V to the Companies Act, 2013 is furnished hereunder.

**I. GENERAL INFORMATION**

**Nature of Industry**

Manufacturing and Trading of Rough and Polished Diamonds

**Commencement of commercial production**

The Company has carried out business activity since 1990

## SUNRAJ DIAMOND EXPORTS LTD.

### Financial performance based on given indicators

The financial performance of the Company as reflected by total income, profit, earning per share for the financial year ended 31st March, 2019 is as under :-

(₹ In Lakhs)

Particulars	Year Ended 31.03.2019 (Consolidated)	Year Ended 31.03.2019 (Standalone)
Sales and other Income	3,02,82,400	3,02,82,400
Profit/(Loss) before Interest and Depreciation	10,56,57,009	(68,40,727)
Less Interest	(1,09,28,171)	(1,09,28,171)
Profit/(Loss) before Depreciation	(52,71,162)	(1,77,68,898)
Less/Add: Depreciation	3,38,532	3,38,532
Profit/(Loss) Before Taxation	(56,09,694)	(1,81,07,430)
Less: Provision for Taxation (Net)	NIL	NIL
Less: Tax Adjustment relating to prior years	4,24,281	4,24,281
Add/(Less): Deferred Tax	1,38,519	1,38,519
Net Profit/(Loss) after Tax	(58,95,456)	(1,83,93,192)

### Foreign investments or collaboration

#### Sunraj Diamonds DMCC

Information about the appointee

Nature of Information	Mr. Sunny Gandhi	
Background details	Graduation in Commerce, Finance and Management	
Past Remuneration	Year	Rs.
	2016-17	50,000 p.m.
	2017-18	50,000 p.m.
	2018-19	50,000 p.m.
Job profile and suitability	Mr. Sunny Gandhi has completed his B.Com. and has obtained training in manufacturing and assortment of rough and polished diamonds.	
Remuneration proposed	As mentioned in the Explanatory Statement Under Section 102 of the Companies Act, 2013.	
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration proposed takes into consideration nature and size of business operations; the qualifications, experience and contribution of the appointee to continued operations of the Company in difficult times; present trends and norms observed in the business environment for payment of managerial remuneration by companies of comparable size and nature of business. The proposed remuneration is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors. The remuneration proposed at present has not been increased in view of the inadequate profits of the Company.	

<b>Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.</b>	Mr. Sunny Gandhi does not have any pecuniary relationship with the Company except as remuneration drawn as Executive Director and as a shareholder to the extent of his shareholding in the Company.
<b>Other Information</b> <b>Reasons of loss or inadequate profits</b>	Slowdown in the Diamond Industry. Reduction in Sales and Profitability.
<b>Steps taken proposed to be taken for improvement</b>	The Company has embarked on an expansion program for business in domestic market and has also diversified the product range.
<b>Expected increase in productivity and profits in measurable terms.</b>	Company has recorded a turnover of Rs. 192.81 lacs during FY 2018-19. Barring unforeseen circumstances, with the expansion program and product diversification, it is expected that the sales volume will increase. With the reduction in operating costs and finance costs the margins too are expected to show improvement.

The terms and conditions governing the re-appointment and remuneration payable to Mr. Sunny Gandhi is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days upto and including the day of the meeting.

The above may be treated as an abstract pursuant to Section 190 of the Companies Act, 2013.

Mr. Sunny Gandhi is son of Mr. Sunil Gandhi and Husband of Mrs. Shruti Gandhi, Directors of the Company. Apart from Mr. Sunny Gandhi, Mr. Sunil Gandhi and Mrs. Shruti Gandhi, none of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution.

The Directors recommend the resolution for approval of the Members.

For and on behalf of the Board of Directors

**Registered Office**

1412-1414, Prasad Chambers,  
Opera House,  
Mumbai - 400004.

Dated: 13<sup>th</sup> August, 2019

**ANSHUL GARG**  
Company Secretary  
(Membership No. A43709)

## SUNRAJ DIAMOND EXPORTS LTD.

### ANNEXURE - I

#### Details of Directors seeking Re-appointment at the Annual General Meeting.

(Pursuant to the SEBI Listing Regulations and Secretarial Standard-2 on "General Meetings")

1.	Name of Director	Mr. Sunny Gandhi	Mr. Sunil Gandhi
2.	Director Identification Number (DIN)	00695322	00695322
3.	Date of Birth	25.12.1982	18.02.1954
4.	Date of Appointment	31.01.2006	31.08.1990
5.	Experience in specific areas	Mr. Sunny Gandhi has completed his B.Com and has obtained training in manufacturing and assortment of rough and polished diamonds.	Mr. Sunil Gandhi has completed his B.Com and has obtained training in manufacturing and assortment of rough and polished diamonds.
6.	Academic Qualifications	B.Com	B.Com
7.	Directorship in Other Companies	K. D. Shah Investments Pvt. Ltd. Sunraj Investments & Finance Pvt. Ltd.	Sunraj Investments & Finance Pvt. Ltd.
8.	Professional Qualifications	Nil	Nil
9.	Shareholding in the Company (No. of Shares)	1320800	115000
10.	No. of meetings of the Board held/attended during the year		
	Held	4	4
	Attended	4	3
11.	Remuneration	6,00,000	Nil

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the 29th Annual Report and Audited Statement of Accounts of your Company for the year ended 31st March, 2019.

### FINANCIAL RESULTS:

The salient features of the Company's working for the year under review are as under: (₹ in lacs)

Particulars	Standalone		Consolidated
	Year Ended 31.03.2019	Year Ended 31.03.2018	Year Ended 31.03.2019
Sales and other Income	3,02,83,400	87,53,297	3,02,83,400
Profit / (Loss) before Interest and Depreciation	10,56,57,009	(37,44,718)	(68,40,727)
Less Interest & Finance Expenses	1,09,28,171	1,15,05,583	(1,09,28,171)
Profit/(Loss) before Depreciation	(52,71,162)	(1,52,50,301)	(1,77,68,898)
Less/Add: Depreciation	3,38,532	(9,52,994)	(3,38,532)
Profit/(Loss) Before Taxation	(56,09,694)	(1,62,03,294)	(1,81,07,430)
Less: Provision for Taxation (Net)	NIL	NIL	NIL
Less/Add: Deferred Tax	1,38,519	75,254	1,38,519
Profit/(Loss) for the year	(58,95,456)	(1,61,28,040)	(1,83,93,192)
Less: Tax Adjustment relating to prior years	4,24,281	NIL	4,24,281
Add: Surplus brought forward from Previous year	(2,19,47,047)	(58,19,008)	26,29,575
Balance Carried to Balance Sheet	(2,78,42,504)	(2,19,47,047)	1,94,41,757

### OPERATIONS:

Your Company has recorded a turnover of ₹ 192.81 lacs during the year under review as opposed to ₹ 62.56 lacs in the previous year.

### DIVIDEND:

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

### MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e., 31 March 2019, and the date of the Directors' report.

### DIRECTORATE:

In accordance with the Companies Act, 2013 and the Articles of Association of your Company, Mr. Sunny Gandhi and Mr. Sunil Gandhi retire by rotation and are eligible for re-appointment.

Mr. Hargovind Shah resigned as Independent Director w.e.f. 3rd May, 2019 due to health reasons. The Board places on record its appreciation for the contribution and guidance provided by him during his tenure as Director of the Company.

Brief profiles of the Directors seeking re-appointment are annexed to the Notice.

### BOARD EVALUATION:

The Board has carried out an annual performance evaluation of the Directors individually including Independent Directors, Board as a whole and of its various committees on parameters such as skills, knowledge, participation in meetings, contribution towards Corporate Governance practices, compliance with code of ethics, etc.

## **SUNRAJ DIAMOND EXPORTS LTD.**

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Independent Directors have carried out performance evaluation of non-independent Directors, Chairman of the Board and Board as a whole with respect to knowledge to perform the role, time and level of participation, performance of duties and level of oversight and professional conduct and independence.

The Directors expressed their satisfaction with the evaluation process.

### **MEETINGS:**

During the year Four Board Meetings were convened and held. The details thereof are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **KEY MANAGERIAL PERSONNEL:**

Mr. Anshul Garg was appointed as Company Secretary of the Company with effect from 7th May, 2019.

Mr. Nirav Shah, Chief Financial Officer resigned w.e.f. 31st May, 2019 and Mr. Prabodhchandra Joshi was appointed as Chief Financial Officer w.e.f. 1st June, 2019

Pursuant to the provisions of Section 203 of the Companies Act, 2013 Mr. Sunny Gandhi, Executive Director, Mr. Prabodhchandra Joshi, Chief Financial Officer and Mr. Anshul Garg, Company Secretary are the Key Managerial Personnel of the Company.

### **DECLARATION BY INDEPENDENT DIRECTORS:**

Necessary declarations have been obtained from all the Independent Directors under Section 149 (6) of the Companies Act, 2013 and Regulations 16(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **SUBSIDIARY, JOINT VENTURE OR ASSOCIATE COMPANIES:**

Your Company has a wholly owned foreign subsidiary Company in Dubai at the Dubai Multi Commodities Centre (DMCC), UAE in the name of SUNRAJ DIAMONDS DMCC.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the Financial statements of the Company's Subsidiaries (in Form AOC-1) is forming part of the Consolidated Financial Statement.

Pursuant to Section 136 of the Companies Act, 2013 the Company is exempted from attaching to its Annual Report the Annual Report of the Subsidiary Company viz. SUNRAJ DIAMONDS DMCC.

The financial statement of the subsidiary Company is kept open for inspection by the shareholders at the Registered Office of the Company. The Company shall provide the copy of the financial statement of its subsidiary company to the shareholders upon their request free of cost.

### **RELATED PARTY TRANSACTIONS:**

There are no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company and hence enclosing of form AOC 2 is not required. Suitable disclosure as required by the Accounting Standard (AS-18) has been made in the notes to the Financial Statements.

### **Particulars of Loans, Guarantees or Investments:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013, during the year under review and hence the said provision is not applicable.

### **Business Risk Management**

The Company manages and monitors principal risks and uncertainties that can impact ability of the Company to achieve its targets / objectives. Timely reports are placed before the board for considering various risks involved in the Company business / operations. The Board evaluates these reports and necessary / corrective actions are then implemented.

A brief report on risk evaluation and management is provided under Management's Discussion and Analysis Report forming part of this Annual Report.



### **Internal Financial Controls**

The Company has in place, adequate systems and procedures for implementation of internal financial control across the organization which enables the Company to ensure that these controls are operating effectively.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

The Company does not own any manufacturing facility and hence the particulars relating to conservation of energy and technology absorption as stipulated in the Companies (Accounts) Rules, 2014 are not applicable. Particulars with regards to foreign exchange expenditure and earning are given in Note Nos. 30 of the notes to the accounts.

### **Corporate Social Responsibility (CSR)**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

### **Directors' Responsibility Statement**

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 2013. The Directors confirm that :

- a) the Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- b) the Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the profit for the financial year;
- c) sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- d) the Annual Accounts have been prepared on a going concern basis;
- e) the internal financial controls laid down in the Company were adequate and operating effectively;
- f) the systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

### **Share Registrar & Transfer Agent**

The Company's Registrar & Transfer Agents for shares is Adroit Corporate Services Pvt. Ltd (ACSPL). ACSPL is a SEBI registered Registrar & Transfer Agent. The contact details of ACSPL are mentioned in the Report on Corporate Governance. Investors are requested to address their queries, if any to ACSPL; however, in case of difficulties, as always, they are welcome to contact the Company's Compliance Officer, the contact particulars of which are contained in the Report on Corporate Governance.

### **Fixed Deposit**

Your Company has not accepted any deposit from the public during the year within the meaning of Section 73 to 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

### **Particulars of Employees**

The Company does not have any employee covered under the provisions of Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and therefore, this information has not been furnished as part of this Report.

The prescribed particulars of employees required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure I and forms a part of this Report of the Directors.

# SUNRAJ DIAMOND EXPORTS LTD.

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## **Vigil Mechanism**

The Company has a Vigil Mechanism and Whistle-Blower Policy to deal with instances of fraud and mis-management, if any, and conducting business with integrity, including in accordance with all applicable laws and regulations.

## **Auditors**

M/s. Shah Khakhi & Associates, Chartered Accountants tendered their resignation as Statutory Auditors of the Company.

The Board of Directors appointed M/s. Anoop Agarwal & Company, Chartered Accountants (FRN No. 001739C) as Statutory Auditors at the Board Meeting held on 13th August, 2019 to fill the Casual Vacancy.

The appointment of M/s. Anoop Agarwal & Company, Chartered Accountants, for the year 2019 -2020 is to be confirmed by the Members at the ensuing Annual General Meeting.

Further, the Members are requested to appoint M/s. Anoop Agarwal & Company, Chartered Accountants as Statutory Auditors of the Company for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 34th Annual General Meeting and to fix their remuneration.

The said Auditors have confirmed their eligibility for appointment in terms of Section 139 of the Companies Act, 2013.

Your Directors recommend their appointment as Statutory Auditors of the Company.

## **Auditors' Report**

The Auditors' Report to the shareholders does not contain any reservation, qualification or adverse remark.

## **Secretarial Audit**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 the Company has appointed Mrs. Grishma Khandwala, Company Secretary in practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in the prescribed Form No. MR-3 is annexed herewith.

## **QUALIFICATION IN SECRETARIAL AUDIT REPORT AND EXPLANATIONS BY THE BOARD:**

<b>Qualifications made by Secretarial Auditor</b>	<b>Explanations by the Board</b>
a) The Company has not transferred unclaimed Dividend for the financial year 2010-2011 to the IEPF as per the provisions of Section 125 of the Companies Act, 2013 and Rules made thereunder.	The Company will take necessary steps to comply with the transfer of Unclaimed dividend to IEPF.
b) The Company has not transferred the Shares on which Dividend has not been claimed for 7 consecutive years as per the Provisions of Sections 124 & 125 of the Companies Act, 2013 and Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.	The Company will take necessary steps to comply with the transfer of Shares to IEPF.
c) Updating of Website with regards to various policies is pending.	The company will take necessary steps to update website with regard to various policies which are pending
d) The Company has not complied with certain Regulations of SEBI (LODR) Regulations, 2015 as regards publication of Notice of Board Meeting.	The Company will take necessary steps to comply with the same.

**Extract of Annual Return**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure III.

**General**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- c) Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- d) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- e) During the year under review, there were no cases filed or reported pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**Acknowledgement**

The Directors wish to take this opportunity to express their sincere thanks to the Company's Bankers for their valuable support and the Shareholders for their unflinching confidence in the Company.

**Corporate Governance:**

A detailed report on Corporate Governance forms part of this Annual Report. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.

For and on behalf of the Board of Directors

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019

**SUNNY GANDHI**  
Executive Director  
**DIN No. 00695322**

**SUNIL GANDHI**  
Director  
**DIN No. 00322196**

# SUNRAJ DIAMOND EXPORTS LTD.

## ANNEXURE - I

### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) AMENDMENT RULES, 2016

#### I. Details of Remuneration of employees as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

The percentage increase in remuneration of each Director, Chief Executive Officer and Chief Financial Officer during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

Sl No.	Name of Director/ KMP and Designation	Remuneration of Director/KMP for financial year 2018-19	% increase in Remuneration in the financial year 2018-19
1	Mr. Sunny Gandhi - (Whole Time Director)	₹ 6.00 Lacs	Nil

- (ii) The median remuneration of employees of the Company during the financial year 2018-19 was ₹ 2,29,500.
- (iii) In the financial year 2018-19, there was a increase of 32.27% in the median remuneration of employees.
- (iv) There were 10 permanent employees on the rolls of Company as on 31st March, 2019.
- (v) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 is 34.15% whereas the increase in the managerial remuneration for the same financial year was NIL.
- (vi) The key parameters for the variable component of remuneration availed by the Directors:  
There is no variable component of remuneration availed by the Directors.
- (vii) It is hereby affirmed that the remuneration paid during the year ended 31st March, 2019 is as per the Remuneration Policy of the Company.

#### II. Details of Remuneration of Top 10 Employees as per Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereof.

Sr. No.	Employee Name	Designation	Educational Qualification	Age	Experience (In Years)	Date of Joining	Gross Remuneration p.a. (Paid in ₹)	Previous Employment
1.	Mr. Sunny Gandhi	Executive Director	B.Com	36	13	31/01/2006	6,00,000	NIL
2.	Ms. Yogita Pednekar	Accountant	B.Com	41	10	20/07/2009	4,20,000	NIL
3.	Mr. Suresh Mali	Administrative Staff	HSC	43	11	31/07/2008	3,82,500	NIL
4.	Mr. Prabodhchandra Joshi	Chief Accountant	B.Com	60	35	16/11/2018	2,70,000	NIL
5.	Mr. Satyawan Shirsat	Administrative Staff	SSC	48	11	31/07/2008	2,35,000	NIL
6.	Mr. Mahesh Anant Jadhav						2,24,000	NIL
7.	Mr. Subhash Malekar	Administrative Staff	SSC	45	10	16/06/2009	1,80,000	NIL
8.	Mr. Tushar Ghogad	Administrative Staff	HSC	30	8	01/04/2011	1,68,000	NIL
9.	Mr. Madhukar Rane	Administrative Staff	SSC	28	6	01/04/2013	1,56,000	NIL
10.	Mr. Sean Gandhi	Assortment Assistant	B.Com	29	9	01/04/2010	1,32,000	NIL

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

For the Financial Year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel)]

To,  
The Members,  
**Sunraj Diamond Exports Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sunraj Diamond Exports Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period comprising the Company's financial year ended on 31st March, 2019 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Sunraj Diamond Exports Limited for the Company's financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - Not Applicable to the Company during the Audit Period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable to the Company during the Audit Period;

## SUNRAJ DIAMOND EXPORTS LTD.

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- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable to the Company during the Audit Period;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable to the Company during the Audit Period;

As per information provided by the management, there are no laws specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review and as per the explanations and clarifications given to us and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following qualifications:

- e) The Company has not transferred Unclaimed Dividend for the financial year 2010-2011 to the Investor Education & Protection Fund (IEPF) as per the provisions of Section 125 of the Companies Act, 2013 and Rules made thereunder.
- f) The Company has not transferred the Shares on which Dividend has not been claimed for 7 consecutive years as per the Provisions of Sections 124 & 125 of the Companies Act, 2013 and Rule 6 of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- g) Updating of Website with regards to various policies is pending.
- h) The Company has not complied with certain Regulations of SEBI (LODR) Regulations, 2015 as regards publication of Notice of Board Meeting.

I Further Report that during the year under review

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under review..

Adequate notice was given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board meetings were taken unanimously.

I Further Report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company has not undertaken any event/ action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**GRISHMA KHANDWALA**

Company Secretary

ACS No. 6515

C.P. No. 1500

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019



To,  
The Members,  
**Sunraj Diamond Exports Limited**

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019

**GRISHMA KHANDWALA**  
Company Secretary  
ACS No. 6515  
C.P. No. 1500

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration) Rules, 2014.

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	: <b>L36912MH1990PLC057803</b>
2.	Registration Date	: 22-08-1990
3.	Name of the Company	: <b>SUNRAJ DIAMOND EXPORTS LTD.</b>
4.	Category/Sub-Category of the Company	: Public Company
5.	Address of the Registered Office and contact details	: 1412-1414, Prasad Chambers, Opera House, Mumbai - 400 004. Tel No. 022-23638559, 23610069
6.	Whether listed company	: Yes, BSE Limited
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	: <b>Adroit Corporate Services Pvt. Ltd.</b> 17-20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri - East, Mumbai - 400 059. Tel. No. 022-42270400

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the products / services	% to total turnover of the Company
1	Gems & Jewelry	7113	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name And Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	Sunraj Diamonds DMCC	N.A.	Subsidiary	100%	2(87)(ii)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## A) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-4-2018]				No. of Shares held at the end of the year [As on 31-03-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	1915005	0	1915005	35.93	1915005	0	1915005	35.93	0.00
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other									
<b>Sub-Total (A) (1)</b>	<b>1915005</b>	<b>0</b>	<b>1915005</b>	<b>35.93</b>	<b>1915005</b>	<b>0</b>	<b>1915005</b>	<b>35.93</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) Non-Resident Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1915005</b>	<b>0</b>	<b>1915005</b>	<b>35.93</b>	<b>1915005</b>	<b>0</b>	<b>1915005</b>	<b>35.93</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	7500	7500	0.14	0	7500	7500	0.14	0.00
b) Banks / FI	0	1600	1600	0.03	0	1600	1600	0.03	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
i-1) Others	0	0	0	0.00	0	0	0	0.00	0.00
i-2) Directors Relative	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>9100</b>	<b>9100</b>	<b>0.17</b>	<b>0</b>	<b>9100</b>	<b>9100</b>	<b>0.17</b>	<b>0.00</b>
<b>(2) Non - Institutions</b>									
a) Bodies Corp.									
i) Indian	45332	16700	62032	1.16	45332	16700	62032	1.16	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	820758	1054100	1874858	35.17	912295	1037900	1950195	36.59	1.42
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	937780	442747	1380527	25.90	1181192	195731	1376923	25.83	-0.07
c) Others (Specify)									
c-1) Non Resident Indians (Individulas)	13550	0	13550	0.25	13450	0	13450	0.25	0
c-2) Clearing Members	0	0	0	0	0	0	0	0	0.00
c-3) Trusts	3500	0	3500	0.07	3500	0	3500	0.07	0.00
<b>Sub-total (B)(2):-</b>	<b>1892748</b>	<b>1513547</b>	<b>3406295</b>	<b>63.90</b>	<b>2155964</b>	<b>1250331</b>	<b>3406295</b>	<b>63.90</b>	<b>0.00</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>1892748</b>	<b>1522647</b>	<b>3415395</b>	<b>64.07</b>	<b>2155964</b>	<b>1259431</b>	<b>3415395</b>	<b>64.07</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0.00
<b>Grand Total (A+B+C)</b>	<b>3807753</b>	<b>1522647</b>	<b>5330400</b>	<b>100.00</b>	<b>4070969</b>	<b>1259431</b>	<b>5330400</b>	<b>100.00</b>	<b>0.00</b>

# SUNRAJ DIAMOND EXPORTS LTD.

## B) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 1st April, 2018)			Shareholding at the end of the year (as on 1st April, 2019)			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the company	% of shares Pledged/encumbered to total shares	
1	SUNIL CHANDRAKANT GANDHI	115000	2.16	0.00	115000	2.16	0.00	0.00
2	GUNVANTI CHANDRAKANT GANDHI	375000	7.04	0.00	375000	7.04	0.00	0.00
3	SUNNY SUNIL GANDHI	1320800	24.78	0.00	1320800	24.78	0.00	0.00
4	SEAN SUNIL GANDHI	104205	1.95	0.00	104205	1.95	0.00	0.00

## C) Change in Promoters' Shareholding (Please specify, if there is no change)

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 1st April, 2018)		Date	(+)/Increase/(-)/Decrease in share holding	Reason	Shareholding at the end of the year (as on 31st March, 2019)	
		No. of Shares	% of Total Shares of the company				No. of Shares	% of Total Shares of the company
There are no change								

## D) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year (as on 1st April, 2018)		Date	(+)/Increase/(-)/Decrease in share holding	Reason	Shareholding at the end of the year (as on 31st March, 2019)	
		No. of Shares	% of Total Shares of the company				No. of Shares	% of Total Shares of the company
1	KAWALJIT SINGH	261409	4.90	-	-	-	261409	4.90
2	MAYANK S. GANDHI	247016	4.63	-	-	-	247016	4.63
3	MAHESH CHIMANLAL PATEL	150500	2.82	-	-	-	150500	2.82
4	MANTHAN C SHAH	116135	2.18	-	-	-	116135	2.18
5	RINKU A. CHOUMAL	100000	1.88	14.12.2018	(-)100000	TRANSFER	0	0
6	DEVILA BEN SHAH	97016	1.82	14.12.2018	(-)97016	TRANSFER	0	0
7	TARABEN SHAH	86618	1.62	-	-	-	86618	1.62
8	NIKITA NIRAV SHAH	71828	1.35	-	-	-	71828	1.35
9	SAVITABEN J. SHAH	56740	1.06	-	-	-	56740	1.06
10	NIKITA ANKUR SHAH	50000	0.94	-	-	-	50000	0.94

**E) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Shareholding of each Director and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of Total Shares of the company	No. of Shares	% of Total Shares of the company
1.	SUNIL CHANDRKANT GANDHI	115000	2.16	115000	2.16
2.	SUNNY SUNIL GANDHI	1320800	24.78	1320800	24.78
3.	NIRAV SHAH	0	0	0	0
4.	HARGOVIND SHAH	0	0	0	0
5.	SHRUTI GANDHI	0	0	0	0
6.	PRAVIN SHAH	0	0	0	0

**V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (₹)

Particulars	Secured loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	0	13,72,06,227	0	13,72,06,227
ii) Interest due but not paid	-	-	0	-
iii) Interest accrued but not due	-	-	0	-
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>13,72,06,227</b>	<b>0</b>	<b>13,72,06,227</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	0	6,32,32,120	0	6,32,32,120
• Reduction	0	(8,06,76,372)	0	(8,06,76,372)
<b>Net Change</b>	<b>0</b>	<b>(1,74,44,252)</b>	<b>0</b>	<b>(1,74,44,252)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	11,97,61,975	0	11,97,61,975
ii) Interest due but not paid	-	-	0	-
iii) Interest accrued but not due	-	-	0	-
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>11,97,61,975</b>	<b>0</b>	<b>11,97,61,975</b>

# SUNRAJ DIAMOND EXPORTS LTD.

## VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration of Managing Director, Whole-time Director and / or Manager (₹)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Sunny Gandhi Executive Director	Mr. Nirav Shah Executive Director & CFO	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,00,000	0	6,00,000
	(b) Value of Perquisites u/s 17 (2) of the Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	N.A.	N.A.	N.A.
3.	Sweat Equity	N.A.	N.A.	N.A.
4.	Commission	N.A.	N.A.	N.A.
	• As % of profit			
	• Others, specify			
5.	Others, please specify	N.A.	N.A.	N.A.
	Total (A)	6,00,000	0	6,00,000
	Ceiling as per the Act	30,00,000		

### B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Hargovind Shah	Pravin Shah	
<b>1.</b>	<b>Independent Directors</b>			
	Fee for attending board committee meetings	4,000	4,000	8,000
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (1)</b>	<b>4,000</b>	<b>4,000</b>	<b>8,000</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>			
	Fee for attending board committee meetings	0	0	0
	Commission	0	0	0
	Others, please specify	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (B) = (1+2)</b>	<b>4,000</b>	<b>4,000</b>	<b>8,000</b>



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary				
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	-	-	-	-
	b) Value of Perquisites u/s 17 (2) of the Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	• as % of profit	-	-	-	-
	• others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>			-	-

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>	}		Not Applicable		
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>	}		Not Applicable		
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>	}		Not Applicable		
Penalty					
Punishment					
Compounding					

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019

**SUNNY GANDHI**  
Executive Director  
DIN No. 00695322

**SUNIL GANDHI**  
Director  
DIN No. 00322196

# SUNRAJ DIAMOND EXPORTS LTD.

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## MANAGEMENT DISCUSSION AND ANALYSIS

### A) Industry Structure and Development :

The Diamond Industry is going through a lean phase with major liquidity issues. A period of consolidation, where good businesses will survive and tackle the challenges going forward. The Raw Materials business is conservative, with major miners preferring to reduce output and give flexible buying options to fixed clients.

### B) Opportunities and Threats :

The weakening of the currency vis a vis the US dollar is a big boost for Exporters in the short term. Rough Diamond output being controlled by miners is a good sign for the supply side and will reduce overstocking of Polished Diamonds, thereby making manufacturing a profitable business again. Banking is getting more stringent and healthier.

The threat to the Industry being seen from the circulation of Lab Grown CVD Diamonds is being accentuated with reports of fraudulent uses of these stones. Bad businesses which are over leveraged will be burdened by rising interest costs.

### C) Segment-wise Performance :

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

### D) Outlook :

The Indian Diamond Industry is now gearing up for a bright future and a robust business model. The prices of raw materials for natural diamonds are stable and will continue to do so, flexible supply contracts will give an opportunity to manufacturers to build on their businesses and plan for the upcoming season. Shortages of Polished Diamonds will be adequately filled. We expect 2019 - 2020 to be a good year for stable businesses.

### E) Risk and Concerns :

The Company identifies tougher banking regulations, liquidity issues and a volatile currency as the major risks to conduct business.

### F) Internal Control Systems and their Adequacy :

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

### G) Human Resources :

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

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## REPORT ON CORPORATE GOVERNANCE

A report for the financial year ended 31st March, 2019 on the compliance by the Company with the Corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), is furnished below.

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

The Company believes that to be an effective business entity the Organisation has to recognize its responsibilities to the stakeholders and should be guided by the principles of just and efficient governance for mutual benefit. The Company's corporate philosophy imbibes the ideal of this principle and accordingly has endeavored to carry out all its operations in a transparent and fair manner.

The Company has adopted a Code of Conduct as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Directors have confirmed compliance with the code of conduct for the year ended 31st March, 2019.

In compliance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all members of the Board of Directors and Senior Management Personnel have

affirmed compliance with the code of conduct of Board of Directors and Senior Management. The relevant standards of Corporate Governance have been fully complied with by the Company.

**2. Board of Directors :**

**Composition and size of the Board**

The present strength of the Board is 6 out of which 4 are Non-executive Directors (more than two thirds of the total Board strength) and among these 4 Non-Executive Directors, 2 are Independent Directors.

The size and composition of the Board conforms with the requirements of Section 149 of the Companies, Act, 2013. The provisions of Regulations 17 of SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 ("LODR") do not apply to the Company.

The Independent Non-Executive Directors of the Company do not have any other material or pecuniary relationship or transactions with the Company, its promoters, or its management, which in the judgment of the Board may affect independence of judgment of the Directors. Non-Executive Directors are not paid any remuneration.

Mr. Sunny Gandhi, Executive Director is the son of Mr. Sunil Gandhi, Director and husband of Mrs. Shruti Gandhi, Director.

In the financial year 2018 - 2019, the Board met Four times. The Board Meetings were held on (1) 29th May, 2018, (2) 14th August, 2018, (3) 14th November 2018, and (4) 14th February, 2019

The composition of Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorship, committee memberships and chairmanships held by them, are given below:

Name of the Directors	Status i.e. Executive, Non-Executive and Independent	Shares held	Members of Boards of Other Companies	Total Number of Committee Membership held		Number of Board Meeting held during the year		Whether attended last Annual General Meeting
				As Chairman	As Member	Held	Attended	
Mr. Sunny Gandhi	Promoter ED	1320800	K. D. Shah Investments Pvt. Ltd.	Nil	1	4	4	Yes
			Sunraj Investments & Finance Pvt. Ltd.					
Mr. Nirav Shah	ED & CFO	Nil	Nil	Nil	Nil	4	2	Yes
Mr. Hargovind Shah	Independent Director	Nil	Nil	1	1	4	4	Yes
Mr. Sunil Gandhi	Promoter NED	115000	Sunraj Investments & Finance Pvt. Ltd.	Nil	1	4	3	No
Mrs. Shruti Gandhi	Women Director NED	0	Nil	1	Nil	4	4	Yes
Mr. Pravin Shah	Independent Director	0	Nil	1	1	4	4	No

As provided under Regulation 25/26 of the SEBI Listing Regulations, none of the Independent Directors on Board acts as an Independent Director in more than seven listed entities, none of the Wholetime / Executive Directors on Board acts as Independent Director in more than three listed entities, none of the Directors are members in more than ten committees or acts as Chairman of more than five such committees.

## SUNRAJ DIAMOND EXPORTS LTD.

### Meeting of Independent Directors

The Independent Directors met once during the Financial Year 2018-19, without the presence of Executive Directors or Management Representatives. The issues and concerns, if any, of the meeting were then discussed with the Chairman.

### 3. Audit Committee:

The present composition of the Audit Committee is as under:

Member	Position	No. of Meetings attended
Mr. Hargovind Shah	Chairman	4
Mr. Sunny Gandhi	Member	4
Mr. Pravin Shah	Member	4

The above composition duly meets the requirements as per Section 177 of the Companies Act, 2013. The provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 do not apply to the Company. The Audit Committee acts as a link between the management, external and internal Auditors and the Board of Directors.

The functions of the Audit Committee are as per Company Law. These include review of accounting and financial policies and procedure, review of financial reporting system, internal control procedures and risk management policies.

The Audit Committee met four times during the financial year 2018-19, on the following dates namely, 29th May, 2018, 14th August, 2018, 14th November, 2018 and 14th February, 2019 and the frequency was as prescribed under applicable regulatory requirements and the gap between two Committee Meetings was not more than one hundred and twenty days.

### 4. Nomination and Remuneration Committee:

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board of Directors of the Company have constituted the "Nomination and Remuneration Committee." The provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 do not apply to the Company.

The Nomination and Remuneration Committee acts in accordance with the prescribed provisions of Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee as approved by the Board of Directors are briefly set out below:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommended to the Board for their appointment and removal;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of Independent Directors and the Board and to carry out evaluation of every director's performance; and
- To devise a policy on Board diversity.

During the year under review the following Directors were the Members of the Nomination and Remuneration Committee.

Member	Position	No. of Meetings held	No. of Meetings attended
Pravin Shah	Chairman	1	1
Hargovind Shah	Member	1	1
Sunil Gandhi	Member	1	1

The Company also has a Nomination and Remuneration Policy.

The Company has also devised a familiarization program for the Independent Directors to help them understand the Company, its management, roles and responsibilities in the Company, operations of the Company, etc.

The Nomination and Remuneration Committee met once during the financial year 2018-19, on 14th February, 2019.

The details of remuneration paid to Directors/ Executive Directors for the financial year ended 31st March, 2019 are set out below:

The Independent Directors are paid only sitting fees for attending Board Meetings. The details of sitting fees paid to Independent Directors during the year under review are as under:

**Non-Executive Directors**

Name	Sitting Fees Paid
Mr. Sunil Gandhi	NIL
Mr. Hargovind Shah	4,000
Mrs. Shruti Gandhi	NIL
Mr. Pravin Shah	4,000
<b>Total</b>	<b>8,000</b>

**Executive Directors**

Name	Salary
Mr. Sunny Gandhi	6,00,000
Mr. Nirav Shah	NIL
<b>Total</b>	<b>6,00,000</b>

The Company has not issued any stock options.

**5. Stakeholders Relationship Committee**

The Stakeholder's Relationship Committee has been constituted to consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of annual report, etc.

During the year under review the following Directors were the Members of the Stakeholders Relationship Committee.

Member	Position	No. of Meetings held	No. of Meetings attended
Shruti Gandhi	Chairperson	4	4
Nirav Shah	Member	4	4

Stakeholders Relationship Committee met four times during the financial year 2018-19, on the following dates namely, 29th May, 2018, 14th August, 2018, 14th November, 2018 and 14th February, 2019 and the frequency was as prescribed under applicable regulatory requirements and the gap between two Committee Meetings was not more than one hundred and twenty days.

During the financial year there were following complaints received from the shareholders.

## SUNRAJ DIAMOND EXPORTS LTD.

The Particulars of Investors, grievances received and redressed during the year are furnished below:

Sl. No.	Nature of Complaints	No. of Complaints		
		Received	Resolved	Pending as on 31/03/2019
1)	Non receipt of Annual Report	NIL	NIL	NIL
2)	Complaints relating to Dematerialisation of Shares	NIL	NIL	NIL
3)	Non - receipt of Shares certificates After transfer / duplicate / Name correction	NIL	NIL	NIL
4)	Others	1	1	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

### 6. General Body Meetings:

The details of Annual General Meetings held during last three years are as under:-

Financial Year	Day and Date	Location	Time
2017-2018	Friday 28/09/2018	Kshatriya Gnyati Sabha Gruha, 229, Raja Ram Mohan Roy Marg, Girgaum, Mumbai - 400 004.	11.30 a.m
2016-2017	Thursday 21/09/2017	Kshatriya Gnyati Sabha Gruha, 229, Raja Ram Mohan Roy Marg, Girgaum, Mumbai - 400 004.	11.30 a.m
2015-2016	Friday 30/09/2016	Kshatriya Gnyati Sabha Gruha, 229, Raja Ram Mohan Roy Marg, Girgaum, Mumbai - 400 004.	11.30 a.m

### Business:

During the last year, there was no business, which had to be conducted through a postal ballot. At present, the Company does not have any resolution to be decided by the members by postal ballot.

### SPECIAL RESOLUTIONS PASSED:

#### 1. In 2015- 2016 AGM:

Special Resolution pursuant to provisions of Sections 196, 197 and 203 to appointments of Mr. Sunny Gandhi as a Wholetime Director for a term of 3 years commencing from 1st October, 2016 and Mr. Nirav Shah as a Wholetime Director for a term of 3 years commencing from 1st April, 2017 were passed at the AGM held on 30th September, 2016.

#### 2. In 2016- 2017 AGM:

No Special Resolution passed.

#### 3. In 2017- 2018 AGM:

No Special Resolution passed.

### 7. Disclosures:

#### 1. Related Party Transactions:

There are related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their associate companies or relatives, not conflicting with Company's interest, the details of which have been shown in Note No. 29 of Financial Statements, Notes forming part of the Accounts for the year ended 31st March, 2019.

The Company has not entered into any transaction of material nature with the promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The register of contracts containing transactions, in which directors are interested, is placed before the board regularly.

**2. Code of Conduct:**

The Board of Directors of the Company has laid down two separate Codes of Conduct - one for Directors and other for Senior Management and Employees.

All Board Members and Senior Management personnel have affirmed compliance with the Code of conduct for the year under review. A Declaration signed by CFO / Director to this effect is annexed to this report.

**3. CEO/CFO Certification:**

As required under Regulation 17(8), of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the CFO has given a certificate to the Board in the prescribed format for the year ended 31st March, 2019.

**4. Risk Management:**

The Audit Committee and the Board periodically discuss the significant business risks identified by the Management and review the measures taken for their mitigation.

**5. Statutory Compliance, Penalties and Strictures:**

The Company has complied with all the requirements of regulatory authorities on matters relating to capital markets and no penalties / strictures have been imposed on the Company by the Stock Exchange or SEBI.

**6. Whistle Blower Policy:**

The Company encourages and opens door policy where employees have access to the Head of the Business/Function. In terms of Sunraj Diamond Exports Limited's Code of Conduct, any instance of non-adherence to the code of any other observed/ unethical behavior is to be brought to the attention of the immediate reporting authority, who is required to report the same to the appropriate person.

**8. Means of Communication:**

The Company publishes its Unaudited quarterly, half yearly and yearly financial results in leading national newspapers; namely "The Free Press Journal - English Edition" and "Navshakti - Marathi Edition". The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board. The Company is not displaying the financial results on website. The Company has not sent the half yearly report to the Shareholders. No presentations were made to the institutional investors or analysts during the year under review.

**9. General Shareholder Information:**

- |                               |   |
|-------------------------------|---|
| <b>a. AGM Day, Date, Time</b> | Monday, 30th September, 2019 at 3.00 p.m.   |
| <b>b. Venue</b>               | Seva Sadan Society Hall,<br>Pandita Ramabai Road, Gamdevi,<br>Mumbai - 400007.  |
| <b>c. Financial Calendar</b>  | The Board of Directors of the Company approves the unaudited results for each quarter within such number of days as may prescribed under the Listing Regulations from time to time. |



## SUNRAJ DIAMOND EXPORTS LTD.

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- d. Book Closure Period** 27.09.2019 to 29.09.2019
- e. Listing on Stock Exchanges at:**  
The Equity Shares of the Company are listed at the BSE Limited, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001.
- f. Stock/Company/Security/Common Code:**  
BSE Limited  
Code: 523425
- g. Demat ISIN No. for Depositories:**  
INE459D01014
- h. Market Price Data:**  
High/Low of the Company's Shares traded in the BSE Limited, during the financial year 2018- 2019 is furnished below:

Month & Year	Company's Share Price	
	High (₹)	Low (₹)
April 2018	N.T	N.T
May 2018	N.T	N.T
June 2018	N.T	N.T
July 2018	4.92	4.69
August 2018	N.T	N.T
September 2018	N.T	N.T
October 2018	5.38	4.75
November 2018	5.64	5.50
December 2018	5.77	5.77
January 2019	6.99	6.00
February 2019	7.33	7.33
March 2019	6.97	6.97

**i. Registrar and Transfer Agents:**

In compliance with the SEBI Directive for all listed Companies to have a common agency to handle physical and electronic share registry work the Company has appointed M/s Adroit Corporate Services Pvt. Ltd. as the Registrar and Transfer Agents. Accordingly all documents, transfer deeds, demat requests and other communications in relation thereto should be addressed to the R & T at it's offices 17/18/19/20, Jaferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri - (East), Mumbai - 400059.

Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Officers of the Registrars and Transfer Agents have been authorized to approve transfers in addition to the officers of the Company.

**Shareholding Pattern of the Company as on 31st March, 2019.**

Sr. No.	Holders	No. of Shares Held	% of Total
A	Promoters Holding	1915005	35.93
B	Non-Institutional Investors		
a.	Bodies Corporate	62227	1.17
b.	Indian Public	3327118	62.42
c.	NRI's	13450	0.25
d.	Others	12600	0.23
	<b>TOTAL</b>	<b>53,30,400</b>	<b>100.00</b>

**Distribution of Shareholding as on 31st March, 2019**

No. of Shares	No. of Holders	% to Total	No. of Shares	% to Total
1 to 500	8338	94.42	1226189	23.00
501 to 1000	280	3.17	229357	4.30
1001 to 2000	100	1.13	148532	2.79
2001 to 3000	35	0.41	86426	1.62
3001 to 4000	15	0.17	55015	1.03
4001 to 5000	17	0.19	78010	1.46
5001 To 10000	17	0.19	112528	2.11
10001 and above	28	0.32	3394343	63.69
	<b>8830</b>	<b>100.00</b>	<b>53,30,400</b>	<b>100.00</b>

**Dematerialisation of Shares & Liquidity**

As on 31st March, 2019 **76.37%** of the Company's total shares representing 4070969 shares were held in dematerialized form.

**Address for Correspondence :**

All inquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address :

Compliance Officer : **Mr. Anshul Garg**  
1412-1414, Prasad Chambers,  
Opera House, Mumbai - 400004.

**10. COMPLIANCE OF NON-MANDATORY REQUIREMENTS**

**1) Chairman of the Board**

The Company does not have a Chairman. At every Board Meeting, a Director is elected as Chairman to preside over the meeting. Hence, there is no separate office in the Company for the post of Chairman.

**2) Shareholders Rights**

Half yearly results including summary of the significant events are not being sent to Shareholders of the Company.

## SUNRAJ DIAMOND EXPORTS LTD.

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**3) Postal Ballot**

No resolutions are being proposed to be passed by Postal Ballot.

**4) Audit Qualification**

There is no Audit Qualification by the Statutory Auditors.

For and on behalf of the Board of Directors

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019

**SUNNY GANDHI**  
Executive Director  
**DIN No. 00695322**

**SUNIL GANDHI**  
Director  
**DIN No. 00322196**

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### DECLARATION ON CODE OF CONDUCT

The Declaration for Code of Conduct in compliance with Regulation 26 and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 is given below.

To,  
The Members of  
**Sunraj Diamonds Exports Limited**

I Mr. Sunny Gandhi, Executive Director of the Company, hereby confirm that, all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of the financial year 2018-2019.

For and on behalf of the Board of Directors

Place : Mumbai,  
Dated: 13<sup>th</sup> August, 2019

**SUNNY GANDHI**  
Executive Director  
**DIN No. 00695322**

**AUDITORS' CERTIFICATE**  
**ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**  
**UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The Members of  
**Sunraj Diamonds Exports Limited**

We have examined the conditions of Corporate Governance by **Sunraj Diamond Exports Limited** for the year ended 31st March, 2019 as stipulated in Clause 49 of the Listing Agreement of the Company with the relevant Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the 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 except in the matter of the composition of the Board of Directors which did not comprise of Independent Directors to the extent of 50% of the Board's strength, as stipulated in the above mentioned Listing Agreement.

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

For **Shah Khakhi & Associates**  
Chartered Accountants

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2019

**Snehal R. Shah**  
Partner

# SUNRAJ DIAMOND EXPORTS LTD.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of **SUNRAJ DIAMOND EXPORTS LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **SUNRAJ DIAMOND EXPORTS LIMITED** ("the Company") which comprise the Balance Sheet as at March 31st, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of Standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Emphasis of Matters

We draw attention to the following matters in the notes to the Ind AS financial statements:

- a) Note 7.1 relating to recoverability of Trade Receivable, Management of the Company is of the opinion that this amount is realizable & hence no adjustments have been made in the accompanying financial statements.
- b) Note 14.1 relating to payment of Trade Payables, Management of the Company is of the opinion that this amount is payable & hence no adjustments have been made in the accompanying financial statements.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined depending upon the facts and circumstances of the entity and the audit, that there are no key audit matters to communicate in the Auditors Report.

We have determined that there are no other key audit matters to communicate in our report.

### **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind As and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

## SUNRAJ DIAMOND EXPORTS LTD.

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error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, and the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind As specified under Section 133 of the Act.



- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial Controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been delay in amounts which were required to be transferred to the Investor Education and Protection Fund by the Company as per details given as under required to be transferred, to the Investor Education and Protection Fund by the Company.

Name of Statute	Period to which amount relates	Amount (in ₹)	Due date of payment	Date of Amount Paid
Investor Education and Protection Fund	F.Y. 2010-11	5,13,747	01/10/2018	-

For **Shah Khakhi & Associates**  
Chartered Accountants  
FRN: 0126506W

**Snehal Shah**  
Partner

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2019.

Membership No. 113347

# SUNRAJ DIAMOND EXPORTS LTD.

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## “Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2019:

### 1. Fixed Assets

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property, hence the clause of the title deeds in respect of immovable properties in the name of the Company is not applicable.

### 2. Inventories

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, 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) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

### 3. Loans and Advances granted/taken from certain entities

According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses (a),(b) and (c) of the order are not applicable to the Company.

### 4. Loan to Directors and investment by Company

In our opinion and according to the information and explanations given to us, the Company has not granted any loan, investment, guarantee and security. Hence provision of section 185 and 186 of the Companies Act, 2013 is not required to be complied with.

### 5. Public Deposits

The Company has not accepted any deposits as defined u/s. 2(31) of the Companies Act, 2013, therefore the issue of the Company following the directives issued by the Reserve Bank of India and provision of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are not applicable. Because there is no contravention by the Company the nature of contravention is not reported. The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal has not passed any order or directive there for the issue of its compliance is not applicable.

### 6. Cost Records

As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

### 7. Statutory Dues

- (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, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2019 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes except the following

<b>Nature of Tax Liability</b>	<b>Amount (₹)</b>	<b>Nature of Dispute / Forum Where the dispute is pending</b>
Income Tax A.Y. 2009-10	104	Income Tax
Income Tax A.Y. 2012-13	55,209	ITAT Appeal
Income Tax A.Y. 2013-14	50,64,570	CIT Appeal
Income Tax A.Y. 2014-15	23,69,640	CIT Appeal

- (c) The Company is not required to transfer any amount to investor education and protection fund, in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under, hence clause (vii)(c) is not applicable.

**8. Dues to Financial Institutions, Banks and Debenture holders**

Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company has taken loan from Non-Banking financial institution but has neither taken loan from the government and has not issued any debentures.

**9. Utilization of IPO and further Public Offer**

According to the information and explanations given to us, the Company has not raised money either by means of Initial Public Offer (IPO) or further public offer (including debt instruments). Hence, clause 3(ix) will not be applicable to the company and hence not commented upon.

**10. Frauds Noticed**

Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**11. Approval of Managerial Remuneration**

According to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

**12. Nidhi Company**

Based on our audit procedures and on the information and explanations given by the management, the Company is not a Nidhi Company. Hence clause 3(xii) of the Order is not applicable.

**13. Related Party Transactions**

According to the information and explanations given to us, the Company has complied with sections 177 and 188 of Companies Act, 2013 and details have been disclosed in the Financial Statements as required by the applicable accounting standards.

**14. Private Placement or Preferential Issues**

According to the information and explanations given to us, the Company has made private placement of shares during the year under review. The company has complied with the requirements of Section 42 of the Companies Act, 2013, and the amount raised has been used for the purposes for the purposes for which the funds were raised.

**15. Non - Cash Transactions**

According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence clause 3(xv) of the order is not applicable.

**16. Register under RBI Act 1934**

The Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

For **Shah Khakhi & Associates**  
Chartered Accountants  
FRN: 0126506W

**Snehal Shah**  
Partner

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2019.

Membership No. 113347

## **SUNRAJ DIAMOND EXPORTS LTD.**

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### **“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of Sunraj Diamond Exports Limited**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Sunraj Diamond Exports Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Shah Khakhi & Associates**  
*Chartered Accountants*  
FRN: 0126506W

**Snehal Shah**  
*Partner*

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2019.

Membership No. 113347

# SUNRAJ DIAMOND EXPORTS LTD.

## Balance Sheet as at March 31, 2019

Particulars	Notes	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	2	8,87,445	12,25,977
Intangible Assets	3	4,480	4,480
<b>Financial Assets</b>			
Investments	4	59,67,100	59,67,100
Other Financial Assets	5	6,01,800	5,51,800
Deferred Tax Assets (Net)	6	8,24,707	6,86,188
		<b>82,85,532</b>	<b>84,35,545</b>
<b>Current Assets</b>			
Inventories		50,90,920	51,77,920
<b>Financial Assets</b>			
Trade Receivables	7	15,16,18,468	16,34,36,756
Cash and Cash Equivalents	8A	5,76,409	97,141
Other Balance with Banks	8B	17,99,257	17,95,357
Loans	9	38,000	2,000
Other Current Assets	10	1,27,89,344	1,26,33,305
		<b>17,19,12,399</b>	<b>18,31,42,480</b>
<b>TOTAL ASSETS</b>		<b>18,01,97,931</b>	<b>19,15,78,025</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11A	5,33,04,000	5,33,04,000
Other Equity	11B	(2,66,74,785)	(2,07,79,329)
		<b>2,66,29,215</b>	<b>3,25,24,671.07</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Income Tax Liabilities (Net)	12	77,72,000	77,72,000
		<b>77,72,000</b>	<b>77,72,000</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	13	11,97,61,975	13,72,06,227
<b>Trade Payables</b>			
Due to Micro and Small Enterprises	14	-	-
Due to Others		2,29,75,748	1,20,49,448
Other Financial Liabilities	15	20,15,693	19,44,597
Other Current Liabilities	16	10,43,300	81,082
		<b>14,57,96,716</b>	<b>15,12,81,354</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,01,97,931</b>	<b>19,15,78,025</b>

Significant Accounting Policies and key accounting estimates and judgements 1

Notes are an integral part of the financial statements

As per our report of even date attached

For **Shah Khakhi & Associates**

Chartered Accountants

(Firm Reg. No. : 0126506W)

**Snehal R. Shah**

Partner

Membership No. : 113347

Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**

**SUNNY GANDHI**

Director

DIN-00695322

**NIRAV SHAH**

Director

DIN-02033505

Mumbai, 29<sup>th</sup> May, 2019.

**SUNIL GANDHI**

Director

DIN-00322196

**ANSHUL GARG**

Company Secretary

Membership No. A43709

## Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>REVENUE FROM OPERATIONS</b>			
Revenue from sale of Products	17	1,92,81,032	62,55,649
Other Income	18	1,10,01,368	24,97,648
<b>TOTAL INCOME (I)</b>		<b>3,02,82,400</b>	87,53,297
<b>EXPENSES</b>			
Purchase of Stock in Trade	19	1,79,61,426	71,41,225
Change in Inventories of Stock in Trade	20	87,000	(18,60,871)
Employee Benefit Expenses	21	29,79,100	37,23,404
Finance Cost	22	1,09,28,171	1,15,05,583
Depreciation and Amortisation Expense	23	3,38,532	9,52,994
Other Expenses	24	35,97,864	34,94,257
<b>TOTAL (II)</b>		<b>3,58,92,094</b>	2,49,56,591
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(56,09,694)</b>	(1,62,03,294)
Exceptional items		-	-
<b>PROFIT BEFORE TAX</b>		<b>(56,09,694)</b>	(1,62,03,294)
<b>Tax Expense:</b>	25		
Current Tax		-	-
Deferred Tax		(1,38,519)	(75,254)
Tax in respect of earlier years		4,24,281	-
		<b>2,85,762</b>	(75,254)
<b>PROFIT AFTER TAX</b>		<b>(58,95,456)</b>	(1,61,28,040)
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
Items that will not be reclassified to Statement of Profit and Loss		-	-
Items that will be reclassified to Statement of Profit and Loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(58,95,456)</b>	(1,61,28,040)
<b>Earnings per equity share (Face value of 10 each)</b>	30		
1) Basic (in Rs.)		(1.11)	(3.03)
2) Diluted (in Rs.)		(1.11)	(3.03)

Significant Accounting Policies and key accounting estimates and judgements 1

Notes are an integral part of the financial statements

As per our report of even date attached

For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**                      **SUNIL GANDHI**  
Director                                      Director  
DIN-00695322                      DIN-00322196  
**NIRAV SHAH**                      **ANSHUL GARG**  
Director                                      Company Secretary  
DIN-02033505                      Membership No. A43709  
Mumbai, 29<sup>th</sup> May, 2019.



# SUNRAJ DIAMOND EXPORTS LTD.

## Statement of Changes in Equity for the year ended March 31, 2019

### A. Equity Share Capital

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Balance at the beginning of the Reporting period	5,33,04,000	5,33,04,000
Changes in Equity Share capital during the year	-	-
<b>Balance at the end of the reporting period</b>	<b>5,33,04,000</b>	<b>5,33,04,000</b>

### B. Other Equity

Particulars	Reserves & Surplus			
	Capital Reserve ₹	General Reserve ₹	Retained Earning ₹	Total ₹
<b>Balance as at April 01, 2017 (A)</b>	<b>5,98,000</b>	<b>5,69,718</b>	<b>(58,19,007)</b>	<b>(46,51,289)</b>
<b>Addition during the year:</b>				
Profit for the period	-	-	(1,61,28,040)	(1,61,28,040)
Items of OCI for the year, net of tax-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2018 (B)</b>	<b>-</b>	<b>-</b>	<b>(1,61,28,040)</b>	<b>(1,61,28,040)</b>
Reductions during the year	-	-	-	-
<b>Total (C) -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31st March 2018 (D)=(A+B+C)</b>	<b>5,98,000</b>	<b>5,69,718</b>	<b>(2,19,47,047)</b>	<b>(2,07,79,329)</b>
<b>Addition during the year:</b>				
Profit for the period	-	-	(58,95,456)	(58,95,456)
Items of OCI for the year, net of tax-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2019 (E)</b>	<b>-</b>	<b>-</b>	<b>(58,95,456)</b>	<b>(58,95,456)</b>
Reductions during the year	-	-	-	-
<b>Total (F) -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31st March 2019 (G)=(D+E+F)</b>	<b>5,98,000</b>	<b>5,69,718</b>	<b>(2,78,42,504)</b>	<b>(2,66,74,786)</b>

As per our report of even date attached  
For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of  
**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**  
Director  
DIN-00695322  
**NIRAV SHAH**  
Director  
DIN-02033505  
**SUNIL GANDHI**  
Director  
DIN-00322196  
**ANSHUL GARG**  
Company Secretary  
Membership No. A43709  
Mumbai, 29<sup>th</sup> May, 2019.

### Cash Flow Statement for the year ended March 31, 2019

Particulars	31.03.2019 ₹	31.03.2018 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before tax	(56,09,694)	(1,62,03,294)
Adjustment for -		
Depreciation and Amortisation & Exceptional items	3,38,532	9,52,994
Finance Costs	1,09,28,171	1,15,05,583
<b>Operating Profit before Working Capital Changes</b>	<b>56,57,009</b>	<b>(37,44,718)</b>
<b>(Increase) / Decrease in Current Assets</b>		
Adjustment for :		
(Increase) / Decrease in Trade Receivables	1,18,18,288	(1,92,688)
(Increase) / Decrease in Financial Assets	(86,000)	(1,65,000)
(Increase) / Decrease in Inventories	87,000	(18,60,871)
(Increase) / Decrease in Other assets	(4,98,560)	(7,08,186)
Increase / (Decrease) in Trade and other payables	1,19,59,614	(1,91,72,293)
Cash generated from Operations activities	2,89,37,350	(2,58,43,756)
Direct Taxes Paid (Net of Refund)	81,760	-
<b>Net Cash from Operating Activities (A)</b>	<b>2,88,55,590</b>	<b>(2,58,43,756)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant and equipment	-	(41,400)
(Increase) / Decrease in Other Bank Balances	(3,900)	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(3,900)</b>	<b>(41,400)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Short Term Borrowings	(1,74,44,252)	3,73,44,355
Finance Cost	(1,09,28,171)	(1,15,05,583)
<b>Net Cash used in Financing Activities (C)</b>	<b>(2,83,72,423)</b>	<b>2,58,38,773</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; EQUIVALENTS</b>	<b>4,79,267</b>	<b>(46,383)</b>
Cash & Cash Equivalents at the beginning of the year	97,141	1,43,524
Cash & Cash Equivalents at the end of the year	5,76,409	97,141

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind-As-7)- Statement of Cash Flow.

(b) Particulars	31.03.2019 ₹	31.03.2018 ₹
Cash and Cash Equivalents comprises of		
Balance with Banks:		
- Current Accounts	5,56,968	76,273
Cash on hand	19,441	20,868
<b>Cash and Cash Equivalent in Cash Flow Statement</b>	<b>5,76,409</b>	<b>97,141</b>

As per our report of even date attached  
For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of  
**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**  
Director  
DIN-00695322  
**NIRAV SHAH**  
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**ANSHUL GARG**  
Company Secretary  
Membership No. A43709  
Mumbai, 29<sup>th</sup> May, 2019.

# SUNRAJ DIAMOND EXPORTS LTD.

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## COMPANY OVERVIEW

Sunraj Diamonds exports limited is a public limited company has been incorporated under the provisions of the Companies Act, 1956. Its shares are listed in BSE Stock Exchange. The Company is engaged in the business of manufacturing, trading and exporting of gold jewellery, cut and polished diamond and silver items.

## NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

#### a. Statement of compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

#### b. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the functional and reporting currency. Recognition and Measurement of foreign transaction have been disclosed in note 3(t.) below.

#### c. Basis of Measurement

The company financial statements have been prepared on the historical cost basis.

#### d. Use of Estimates and Judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets.

##### i) Impairment of investments

The company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

##### ii) Useful lives of property, plant and equipment

The company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

##### iii) Valuation of deferred tax assets

The company reviews the carrying amount of deferred tax assets at the end of each reporting period.

#### e. Measurement of Fair Values

The company has established control framework with respect to the measurement of fair values. The company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values,

then the company assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Board of Directors.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1** - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

**Level 3** - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**f. Revenue Recognition:**

**Revenue from contracts with customer**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**i) Sale of products**

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

**ii) Interest Income**

Interest income on deposits, securities and loans is recognised at the agreed rate on time proportionate basis.

**iii) Dividend income:**

Dividend income on investments is recognised as and when received.

**g. Earning per Share :**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

**h. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of

## SUNRAJ DIAMOND EXPORTS LTD.

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resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

### **i. Cash and cash equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

### **j. Cash Flow Statement**

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **k. Property, Plant And Equipment**

#### **i) Recognition and Measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

#### **ii) Subsequent Expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### **iii) Depreciation/Amortisation**

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

**iv) Derecognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

**1. Recognition of Dividend Income, Interest Income**

Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.

**m. Income Tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i) Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii) Deferred Tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.



## SUNRAJ DIAMOND EXPORTS LTD.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

### **n. Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Company currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### **o. Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

- i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

### **p. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## **1 FINANCIAL ASSETS**

### **i) Classification**

□ A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at Fair Value through Profit and Loss Account (FVTPL):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

□ A debt investment is measured at Fair Value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and



- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

□ Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

**ii) Measurement**

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

**iii) Subsequent Measurement and Gains and Losses**

Financial assets at FVTPL :- These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost :- These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

**iv) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**2 FINANCIAL LIABILITIES**

**i) Classification, Subsequent Measurement and Gains and Losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**ii) Derecognition**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

### iii) Offsetting

Financial assets and financial liabilities are off set and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### q. Impairment

#### i) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

□ Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. the allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

□ Debt instruments measured at FVTPL: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the statement of Profit and Loss.

□ Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**ii) Impairment of Non-Financial Assets**

The Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**r. Employee Benefits**

**i) Short Term Employee Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**ii) Long term Employee Benefits:**

Provident Fund and Superannuation Contribution are accrued each year in terms of contracts with the employees. Provision for Gratuity is determined and accrued on the basis of actuarial valuation. Leave encashment benefit to employees has been provided on an estimated basis.

**s. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**t. Foreign currency transactions and foreign operations**

**Functional and presentation currency**

The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**Initial Recognition**

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

**Transactions and balances**

Transactions in foreign currencies are recognised at the prevailing exchange rates on the transaction dates. Realized gains and losses on settlement of foreign currency transactions are recognised in the Statement of Profit and Loss.

Monetary foreign currency assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

## **SUNRAJ DIAMOND EXPORTS LTD.**

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Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

### **u. STANDARAD ISSUED NOT YET EFFECTIVE**

#### **Standards issued but not yet effective**

On March 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17.

The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019.

Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments

Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes

Ind AS 23, Borrowing costs

Ind AS 28 – Investment in associates and joint ventures

Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements

Ind AS 109 – Financial instruments

Ind AS 19 – Employee benefits

The Company is in the process of evaluating the impact of such amendments.

## Notes on Financial Statements for the year ended March 31, 2019

### NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	Balance as at April 1, 2018 ₹	Additions during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at April 1, 2018 ₹	Depreciation during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2018 ₹
Computer	3,91,103	-	-	3,91,103	3,29,524	22,238	-	3,51,762	39,341	61,579
Furniture	9,50,726	-	-	9,50,726	8,54,010	6,147	-	8,60,157	90,569	96,716
Office Equipment	8,66,116	-	-	8,66,116	7,60,878	20,642	-	7,81,520	84,596	1,05,238
Vehicles	76,68,590	-	-	76,68,590	67,06,146	2,89,505	-	69,95,651	6,72,939	9,62,444
<b>Total Property, Plant &amp; Equipment</b>	98,76,535	-	-	98,76,535	86,50,558	3,38,532	-	89,89,090	8,87,445	12,25,977

### NOTE 3 : INTANGIBLE ASSETS

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	Balance as at April 1, 2018 ₹	Additions during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at April 1, 2018 ₹	Depreciation during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2018 ₹
Software	89,585	-	-	89,585	85,105	-	-	85,105	4,480	4,480
<b>Total Intangible Assets</b>	89,585	-	-	89,585	85,105	-	-	85,105	4,480	4,480

# SUNRAJ DIAMOND EXPORTS LTD.

## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 4 : NON CURRENT INVESTMENTS</b>		
<b>Investments in Equity Instruments at Cost</b>		
<b>Unquoted Equity Shares</b>		
<b>Investment in Subsidiary</b>		
(100% Investments in Share Capital of Sunraj Diamond DMCC)	<b>59,52,100</b>	59,52,100
<b>Investment in other company</b>		
150 equity shares of Rander Peoples' Co-op. Bank Limited of ₹ 100 each fully paid (31st March, 2018 - 150)	<b>15,000</b>	15,000
<b>Total Investments in Unquoted Equity Shares</b>	<b>59,67,100</b>	59,67,100
Aggregate amount of Unquoted Investments - At Cost	<b>59,67,100</b>	59,67,100
Aggregate provision for diminution in value of investments	-	-
<b>NOTE 5 : OTHER FINANCIAL ASSETS</b>		
Security Deposits	<b>6,01,800</b>	5,51,800
<b>Total</b>	<b>6,01,800</b>	5,51,800
<b>NOTE 6 : DEFERRED TAX ASSETS</b>		
<b>Deferred Tax Assets</b>		
Property, Plant and Equipment - difference between value of assets as per book base and tax base	<b>8,24,707</b>	6,86,188
<b>Total Deferred Tax Assets</b>	<b>8,24,707</b>	6,86,188
<b>NOTE 7 : TRADE RECEIVABLES *</b>		
Secured, considered good	-	-
Unsecured, considered good	<b>15,16,18,468</b>	16,34,36,756
Unsecured, considered doubtful	-	-
	<b>15,16,18,468</b>	16,34,36,756
Less: Allowances for unsecured doubtful debts	-	-
<b>Total</b>	<b>15,16,18,468</b>	16,34,36,756

\* Refer Note 26 - Financial instruments, fair values and risk measurement.

## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 8 : CASH AND BANK BALANCES*</b>		
<b>(A) Cash and Cash Equivalent</b>		
(a) Balances with Banks		
(i) Current Accounts	5,56,968	76,273
(b) Cash on hand	19,441	20,868
<b>Total</b>	<b>5,76,409</b>	<b>97,141</b>
<b>(B) Other Balances with Banks</b>		
Unclaimed Dividend Accounts	17,99,257	17,95,357
<b>Total</b>	<b>17,99,257</b>	<b>17,95,357</b>
* Refer Bote 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 9 : LOANS*</b>		
Loans to Employees	38,000	2,000
<b>Total</b>	<b>38,000</b>	<b>2,000</b>
* Refer Bote 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 10 : OTHER CURRENT ASSETS</b>		
Prepaid Expenses	1,06,269	38,885
Balance with Statutory Authorities	99,80,645	98,91,990
Capital Advances	27,02,430	27,02,430
<b>Total</b>	<b>1,27,89,344</b>	<b>1,26,33,305</b>



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## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 11A : EQUITY SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,000 (P.Y. 80,00,00) Equity Shares of ₹ 10 each	8,00,00,000	8,00,00,000
	<u>80,00,000</u>	<u>80,00,000</u>
<b>Issued, Subscribed and Fully Paid up Capital</b>		
53,30,400 (P.Y. 53,30,400) Equity Shares of ₹ 10 each fully paid	5,33,04,000	5,33,04,000
<b>Total</b>	<u>5,33,04,000</u>	<u>5,33,04,000</u>

### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As At 31.03.2019		As At 31.03.2018	
	Number	₹	Number	₹
At the beginning of the year	53,30,400	5,33,04,000	53,30,400	5,33,04,000
Add: Issued during the year	-	-	-	-
At the end of the year	<u>53,30,400</u>	<u>5,33,04,000</u>	<u>53,30,400</u>	<u>5,33,04,000</u>

### (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each Equity Shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of Shareholders holding more than 5% equity shares in the Company

Equity Shares	As At 31.03.2019		As At 31.03.2018	
	Number	% held	Number	% held
Sunny Sunil Gandhi	13,20,800	24.78%	13,20,800	24.78%
Gunvanti Chandrakant Gandhi	3,75,000	7.04%	3,75,000	7.04%

### NOTE 11B : OTHER EQUITY

Particulars	Reserves & Surplus			
	Capital Reserve ₹	General Reserve ₹	Retained Earning ₹	Total ₹
<b>Balance as at April 01, 2017 (A)</b>	5,98,000	5,69,718	(58,19,007)	(46,51,289)
<b>Addition during the year:</b>				
Profit for the period	-	-	(1,61,28,040)	(1,61,28,040)
Items of OCI for the year, net of tax-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2018 (B)</b>	-	-	(1,61,28,040)	(1,61,28,040)
Reductions during the year	-	-	-	-
<b>Total (C) -</b>	-	-	-	-
<b>Balance as at 31st March 2018 (D)=(A+B+C)</b>	<u>5,98,000</u>	<u>5,69,718</u>	<u>(2,19,47,047)</u>	<u>(2,07,79,329)</u>
<b>Addition during the year:</b>				
Profit for the period	-	-	(58,95,456)	(58,95,456)
Items of OCI for the year, net of tax-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2019 (E)</b>	-	-	(58,95,456)	(58,95,456)
Reductions during the year	-	-	-	-
<b>Total (F)</b>	-	-	-	-
<b>Balance as at 31st March 2019 (G)=(D+E+F)</b>	<u>5,98,000</u>	<u>5,69,718</u>	<u>(2,78,42,504)</u>	<u>(2,66,74,786)</u>

## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 12 : INCOME TAX LIABILITIES (NET)</b>		
Provisions for Tax (Net of Advance Tax)	77,72,000	77,72,000
	<u>77,72,000</u>	<u>77,72,000</u>
<b>NOTE 13 : BORROWINGS*</b>		
<b>Unsecured Loan</b>		
From Directors	7,29,02,255	5,45,91,887
Inter Corporate Loans	4,68,59,720	8,26,14,340
<b>Total</b>	<u>11,97,61,975</u>	<u>13,72,06,227</u>
* Refer Note 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 14 : TRADE PAYABLES*</b>		
Due to Micro and Small Enterprises (Refer Note 28)	-	-
Due to others	2,29,75,748	1,20,49,448
<b>Total</b>	<u>2,29,75,748</u>	<u>1,20,49,448</u>
* Refer Note 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 15 : OTHER FINANCIAL LIABILITIES</b>		
Provision for Employee Benefits	2,06,200	1,40,400
Unclaimed Dividend*	17,99,257	17,95,357
Provision for expenses	10,236	8,840
<b>Total</b>	<u>20,15,693</u>	<u>19,44,597</u>
* There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund as on 31st March 2019.		
<b>NOTE 16 : OTHER CURRENT LIABILITIES</b>		
Statutory Liabilities	43,300	78,988
Other Payable	-	2,094
Advances from Customers	10,00,000	-
<b>Total</b>	<u>10,43,300</u>	<u>81,082</u>

# SUNRAJ DIAMOND EXPORTS LTD.

## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 17 : REVENUE FROM OPERATIONS</b>		
Sale of Products	1,92,81,032	62,55,649
<b>Total</b>	<b>1,92,81,032</b>	<b>62,55,649</b>
<b>NOTE 18 : OTHER INCOME</b>		
Net Gain on Foreign Exchange Fluctuation	1,09,73,328	24,97,648
Discount Received	28,040	-
<b>Total</b>	<b>1,10,01,368</b>	<b>24,97,648</b>
There are no amount due to be transferred to Investor Education and Protection Fund.		
<b>NOTE 19 : COST OF TRADED GOODS</b>		
Purchase of Stock in Trade	1,78,65,051	71,39,225
Direct Expenses	96,376	2,000
<b>Total</b>	<b>1,79,61,426</b>	<b>71,41,225</b>
<b>NOTE 20 : CHANGES IN INVENTORIES OF STOCK IN TRADE</b>		
Inventories at the end of the year		
Stock In Trade	50,52,904	51,77,920
Raw Material	38,016	-
	<b>50,90,920</b>	<b>51,77,920</b>
Inventories at the beginning of the year		
Stock In Trade	51,77,920	33,17,049
<b>Changes In Inventories of Stock in Trade</b>	<b>87,000</b>	<b>(18,60,871)</b>
<b>NOTE 21 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	23,29,100	20,37,700
Director Remuneration	6,50,000	16,25,000
Staff Welfare Expenses	-	60,704
<b>Total</b>	<b>29,79,100</b>	<b>37,23,404</b>
<b>NOTE 22 - FINANCE COST</b>		
Interest on Bank Borrowings	-	6,38,905
Other Interest Expenses	1,08,87,546	1,08,34,927
Other Borrowing Expenses	40,626	31,750
<b>Total</b>	<b>1,09,28,171</b>	<b>1,15,05,583</b>

## Notes on Financial Statements for the year ended March 31, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 23 : DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant & Equipments	3,38,532	9,52,994
<b>Total</b>	<b>3,38,532</b>	<b>9,52,994</b>
<b>NOTE 24 : OTHER EXPENSES</b>		
Audit Fees	-	1,25,000
Legal & Professional Fees	2,77,418	6,62,669
Conveyance Expenses	27,798	31,262
Rent Charges	16,05,000	15,38,880
Repair and Maintenance	97,871	48,050
Telephone Expenses	17,925	43,453
Travelling Expense	1,82,308	15,480
Insurance Expense	4,072	89,226
Sales promotion including publicity	-	16,686
Interest on TDS	8,314	1,639
Interest on Other Statutory Dues	250	321
Interest on Late payment	40,068	31,649
Other Expenses	13,36,840	8,89,942
<b>Total</b>	<b>35,97,864</b>	<b>34,94,257</b>
<b>Payment to Auditors</b>		
Audit Fee	-	1,25,000
<b>Total</b>	<b>-</b>	<b>1,25,000</b>
<b>NOTE 25 : INCOMETAX EXPENSES</b>		
<b>Tax Expense recognised in the Statement of Profit &amp; Loss</b>		
<b>Current Tax</b>		
Current tax on taxable income for the year	-	-
Adjustments for the current tax of prior periods	4,24,281	-
<b>Total Current Tax Expenses</b>	<b>4,24,281</b>	<b>-</b>
<b>Deferred Tax</b>		
Deferred Tax Charge/(Credit)	(1,38,519)	(75,254)
<b>Total Deferred Tax Expenses</b>	<b>(1,38,519)</b>	<b>(75,254)</b>
<b>Total Income Tax Expenses</b>	<b>2,85,762</b>	<b>(75,254)</b>

**NOTE 26 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS**

**A. Financial instruments by category and their fair value**

As at 31st March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
	₹	₹	₹	₹	₹	₹	₹	₹
<b>Financial Assets</b>								
Other Financial Assets								
- Non current	-	-	6,01,800	6,01,800	-	-	-	-
Trade receivables	-	-	15,16,18,468	15,16,18,468	-	-	-	-
Cash and cash equivalents	-	-	5,76,409	5,76,409	-	-	-	-
Other Balance with Banks	-	-	17,99,257	17,99,257	-	-	-	-
Loans-Current	-	-	38,000	38,000	-	-	-	-
<b>Total Financial Assets</b>	-	-	15,46,33,935	15,46,33,935	-	-	-	-
<b>Financial Liabilities</b>								
Borrowings								
- Current	-	-	11,97,61,975	11,97,61,975	-	-	-	-
Other financial liabilities								
- Current	-	-	20,15,693	20,15,693	-	-	-	-
Trade Payable	-	-	2,29,75,748	2,29,75,748	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	14,47,53,416	14,47,53,416	-	-	-	-
<b>As at 31st March, 2018</b>								
<b>Financial Assets</b>								
Other Financial Assets								
- Non current	-	-	5,51,800	5,51,800	-	-	-	-
Trade receivables	-	-	16,34,36,756	16,34,36,756	-	-	-	-
Cash and cash equivalents	-	-	97,141	97,141	-	-	-	-
Other Balance with Banks	-	-	17,95,357	17,95,357	-	-	-	-
Loans-Current	-	-	2,000	2,000	-	-	-	-
<b>Total Financial Assets</b>	-	-	16,58,83,055	16,58,83,055	-	-	-	-
<b>Financial Liabilities</b>								
<b>Current</b>								
Borrowings								
- Current	-	-	13,72,06,227	13,72,06,227	-	-	-	-
Other financial liabilities								
- Current	-	-	19,44,597	19,44,597	-	-	-	-
Trade Payable	-	-	1,20,49,448	1,20,49,448	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	15,12,00,272	15,12,00,272	-	-	-	-

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Types of inputs for determining fair value are as under:**

**Level 1:** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

**i) Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods.

**ii) Transfer out of Level 3**

There were no movement in level 3 in either directions during the financial year ending on 31 March 2019 and 31 March 2018.

**B. Financial risk management**

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Company formulated by the Board, states the Company's approach to address uncertainties in its endeavor to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

The following disclosures summarize the Company's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

**1) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, trade payables, trade receivables, loans and derivative financial instruments.

**a) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

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### b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company operates, in addition to domestic markets, significantly in international markets through its sales and services in overseas in US\$ and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. The Company does not enter into any derivative instruments for trading or speculative purposes.

#### Details of unhedged foreign currency exposure

(a) Particulars of unhedged foreign currency exposure as at the reporting date are as follows:

Unhedged Exposures	Foreign Currency Denomination	As at March 31, 2019		As at March 31, 2018	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Trade Receivable	USD	22,18,470	15,16,18,468	25,15,573	16,34,36,756

### (b) Foreign Currency Risk Sensitivity

The Company is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

A change in Foreign currency would have following Impact on profit before tax

(Amount in Lacs)

	As at March 31, 2019		As at March 31, 2018	
	5% Increase ₹	5% Decrease ₹	5% Increase ₹	5% Decrease ₹
USD	75.81	(75.81)	81.72	(81.72)

### C) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments. The Company's has no investments in quoted equity instruments, therefore the Company has no Other Price risk.

### 2) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Company considers Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, and loans.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counter parties are banks and recognised financial institutions with high credit ratings assigned by the credit rating agencies.

Financial assests are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.



The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no provision considered.

**Ageing of Account receivables**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Beyond 12 months and less than 2 years beyond 2 years	<b>15,16,18,468</b>	16,34,36,756
<b>Total</b>	<b>15,16,18,468</b>	16,34,36,756

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

**3) Liquidity Risk**

Liquidity risk is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the company to manage liquidity is to ensure , as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation. The company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

As on 31st March 2019	Less than 1 year ₹	Between 1 to 5 Years ₹	Beyond 5 years	Total
Borrowings				
- Current	11,97,61,975	-	-	11,97,61,975
Trade payables	2,29,75,748	-	-	2,29,75,748
Other Financial Liabilities				
- Current	20,15,693	-	-	20,15,693
<b>Total</b>	<b>14,47,53,416</b>	<b>-</b>	<b>-</b>	<b>14,47,53,416</b>

As on 31st March 2018	Less than 1 year ₹	Between 1 to 5 Years ₹	Beyond 5 years	Total
Borrowings				
- Current	13,72,06,227	-	-	13,72,06,227
Trade payables	1,13,320	1,19,36,128	-	1,20,49,448
Other Financial Liabilities				
- Current	19,44,597	-	-	19,44,597
<b>Total</b>	<b>13,92,64,144</b>	<b>1,19,36,128</b>	<b>-</b>	<b>15,12,00,272</b>

## SUNRAJ DIAMOND EXPORTS LTD.

### NOTE 27 : CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The capital structure of the group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**Note 28 : DISCLOSURE UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 ARE PROVIDED AS UNDER FOR THE YEAR 2018-19, TO THE EXTENT THE COMPANY HAS RECEIVED INTIMATION FROM THE "SUPPLIERS" REGARDING THEIR STATUS UNDER THE ACT.**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)		
Principal amount due to micro and small enterprise	-	-
Interest due on above	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Development Enterprises Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**Note 29 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS - 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019.****(i) Name of the Related Party and Nature of Relationship****a) Key Management Personnel (KMP)**

Sunny S. Gandhi	Executive Director
Sunil Chandrakant Gandhi	
Shruti Sunny Gandhi	
Pravin Dahyabhai Shah	
Anshul Garg	
Prabodhchandra Vidyadhar Joshi	
Nirav K. Shah	Chief Financial Officer

**b) Subsidiary Company (SC)**

Sunraj Diamonds DMCC

**c) Enterprise under significant influence of key management personnel (Enterprise)**

Sunraj Investment &amp; Finance Pvt. Ltd.

K. D. Shah Investments Pvt. Ltd.

**(ii) Transactions carried out with related parties referred in (i) above, in ordinary course of business:**

Nature of Transactions	Relationship	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>(a) Remuneration</b>			
Sunny S. Gandhi	KMP	650,000	650,000
Nirav K. Shah	KMP	-	975,000
<b>(b) Interest Paid</b>			
K. D. Shah Investments Pvt. Ltd.	Enterprise	9,176,709	10,834,927
<b>(c) Loan Taken</b>			
Sunny S. Gandhi	KMP	32,515,660	31,094,232
K. D. Shah Investments Pvt. Ltd.	Enterprise	9,176,709	-
<b>(d) Loan Repaid</b>			
Sunny S. Gandhi	KMP	163,966	4,339,207
Sunil Chandrakant Gandhi	KMP	13,041,325	333,118
K. D. Shah Investments Pvt. Ltd.	Enterprise	35,814,000	8,087,000
<b>(e) Amount Payable</b>			
<b>As Unsecured Loan</b>			
Sunny S. Gandhi	KMP	-	163,966
Sunil Chandrakant Gandhi	KMP	73,902,255	54,427,920
K. D. Shah Investments Pvt. Ltd.	Enterprise	45,582,529	72,219,820
<b>(f) As Investment</b>			
<b>As Equity Shares</b>			
Sunraj Diamond DMCC		5,952,100	5,952,100

- i) All related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.
- ii) No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

## SUNRAJ DIAMOND EXPORTS LTD.

### NOTE 30 : EARNING PER SHARE

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Earning Per Share has been computed as under:		
Profit after tax as per Statement of Profit and Loss	<b>(5,895,456)</b>	(16,128,040)
Basic and diluted earnings per share in rupees (Face Value – 10 per share)	<b>(1.11)</b>	(3.03)

### NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>a. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts:		
Income Tax matter in dispute under appeal	<b>7,489,523</b>	18,673,184
<b>TOTAL</b>	<b>7,489,523</b>	18,673,184
<b>b. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	-	-
<b>TOTAL</b>	-	-

### NOTE 32 : SEGMENT REPORTING

The company is primarily engaged in single business segment viz., Trading in Gems and precious metals, hence there are no separate reportable primary segments as per Indian Accounting Standard 108 Operating Segments.

### NOTE 33 : CORPORATE SOCIAL RESPONSIBILITY

Provisions of Section 135 of the Companies Act, 2013, requires every Company having a net worth of Rupees 500 crore or more, or turnover of Rupees 1000 crore or more or a net profit of rupees 5 crore or more during the immediately preceding financial year shall spend at least 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR). The Company doesn't fall in any of the above criteria, hence provisions of Section 135 of the Companies Act, 2013, is not applicable to the Company.

As per our report of even date attached

For **Shah Khakhi & Associates**

Chartered Accountants

(Firm Reg. No. : 0126506W)

**Snehal R. Shah**

Partner

Membership No. : 113347

Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**

**SUNNY GANDHI**

Director

DIN-00695322

**SUNIL GANDHI**

Director

DIN-00322196

**NIRAV SHAH**

Director

DIN-02033505

**ANSHUL GARG**

Company Secretary

Membership No. A43709

Mumbai, 29<sup>th</sup> May, 2019.

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT  
OF SUBSIDIARIES OR ASSOCIATE COMPANIES OR JOINT VENTURES**

**Form AOC-1**

(Pursuant to first proviso to sub-section(3) of section 129 read with Rule 5 of  
Companies (Accounts) Rules, 2014)

**Part "A" : Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹)

<b>Sl. Particulars No.</b>	<b>Details</b>
1. Name of the Subsidiary	: Sunraj Diamonds DMCC
2. Reporting period for the subsidiary concerned	: 31st March, 2019
3. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	: Reporting Currency - USD Exchange Rate - USD 1 = ₹ 65.04
4. Share Capital	: ₹ 59,13,259
5. Reserves & Surplus	: ₹ 2,64,49,471
6. Total Assets	: ₹ 3,65,57,376
7. Total Liabilities	: ₹ 46,85,460
8. Investments	: NIL
9. Turnover	: NIL
10. Profit before Taxation	: (₹ 6,84,142)
11. Provision for Taxation	: NIL
12. Profit after Taxation	: (₹ 6,84,142)
13. Proposed Dividend	: NIL
14. % of Shareholding	: 100%

For and on behalf of the Board of Directors

Place : Mumbai,  
Dated : 13<sup>th</sup> August, 2019

**SUNIL GANDHI**  
Director

**SUNNY GANDHI**  
Director

# SUNRAJ DIAMOND EXPORTS LTD.

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## INDEPENDENT AUDITOR'S REPORT

To the Members of **SUNRAJ DIAMOND EXPORTS LIMITED**  
**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the accompanying consolidated financial statements of **SUNRAJ DIAMOND EXPORTS LIMITED** (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, (including Other Comprehensive Income) and the consolidated cash flows Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2019, and their consolidated loss, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Emphasis of Matters

We draw attention to the following matters in the notes to the Ind AS financial statements:

- a) Note 8.1 relating to recoverability of Trade Receivable, Management of the Company is of the opinion that this amount is realizable & hence no adjustments have been made in the accompanying financial statements.
- b) Note 15.1 relating to payment of Trade Payables, Management of the Company is of the opinion that this amount is payable & hence no adjustments have been made in the accompanying financial statements.

Our opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined depending upon the facts and circumstances of the Group and the audit, that there are no key audit matters to communicate in the Auditors Report.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Financial statements or our knowledge obtained in the auditor otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### **Managements Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated Financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



## **SUNRAJ DIAMOND EXPORTS LTD.**

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The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other

auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and subsidiary included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

We did not audit the financial statements / financial information of subsidiary Company, whose financial statements reflect total assets of ₹ 2,61,49,518 as at 31st March, 2019, and total revenues of ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary Company and our report in terms of sub-section (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary Company, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Financial Statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the financial statements certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Cash Flow and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant

## SUNRAJ DIAMOND EXPORTS LTD.

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books of account maintained for the purpose of preparation of the consolidated Financial Statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding company is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- There were no pending litigations which would impact the consolidated financial position of the Group
  - The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - There has been delay in amounts which were required to be transferred to the Investor Education and Protection Fund by the Company as per details given as under required to be transferred, to the Investor Education and Protection Fund by the Company.

<b>Name of Statute</b>	<b>Period to which amount relates</b>	<b>Amount (in ₹)</b>	<b>Due date of payment</b>	<b>Date of Amount Paid</b>
Investor Education and Protection Fund	F.Y. 2010-11	5,13,747	01/10/2018	-

For **Shah Khakhi & Associates**  
*Chartered Accountants*  
FRN: 0126506W

**Snehal Shah**  
*Partner*

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2019.

Membership No. 113347

**“Annexure A” to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Sunraj Diamond Exports Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Sunraj Diamond Exports Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

## SUNRAJ DIAMOND EXPORTS LTD.

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with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Shah Khakhi & Associates**  
*Chartered Accountants*  
FRN: 0126506W

**Snehal R. Shah**  
*Partner*  
Membership No. 113347

Place : Mumbai,  
Date : 29<sup>th</sup> May, 2018.

## Consolidated Balance Sheet As At 31st March 2019

Particulars	Notes	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	2	887,445	1,225,977
Intangible Assets	3	4,480	4,480
Financial Assets			
Investments	4	15,000	15,000
Other Financial Assets	5	601,800	551,800
Deferred Tax Assets (Net)	6	824,707	686,188
Non-current Assets	7	4,402,753	6,178,800
		<b>6,736,185</b>	<b>8,662,245</b>
<b>Current Assets</b>			
Inventories		5,090,920	5,177,920
Financial Assets			
Trade Receivables	8	172,921,154	193,332,926
Cash and Cash Equivalents	9A	1,020,489	579,547
Other Balance with Banks	9B	1,799,257	1,795,357
Loans	10	38,000	2,000
Other Current Assets	11	12,789,344	12,633,305
		<b>193,659,164</b>	<b>213,521,055</b>
<b>TOTAL ASSETS</b>		<b>200,395,350</b>	<b>222,183,300</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12A	53,304,000	53,304,000
Other Equity	12B	(11,640,935)	5,113,912
		<b>41,663,065</b>	<b>58,417,912</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Income Tax Liabilities (Net)	13	7,772,000	7,772,000
		<b>7,772,000</b>	<b>7,772,000</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	14	125,925,543	141,057,019
Trade Payables	15		
Due to Micro and Small Enterprises		-	-
Due to Others		22,975,748	12,910,690
Other Financial Liabilities	16	2,015,693	1,944,597
Other Current Liabilities	17	43,300	81,082
		<b>150,960,285</b>	<b>155,993,388</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>200,395,350</b>	<b>222,183,300</b>

Significant Accounting Policies and key accounting estimates and judgements 1

Notes are an integral part of the financial statements

As per our report of even date attached

For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 8<sup>th</sup> June, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**                      **SUNIL GANDHI**  
Director                                      Director  
DIN-00695322                      DIN-00322196  
**NIRAV SHAH**                      **ANSHUL GARG**  
Director                                      Company Secretary  
DIN-02033505                      Membership No. A43709  
Mumbai, 8<sup>th</sup> June, 2019.

# SUNRAJ DIAMOND EXPORTS LTD.

## Consolidated Statement of Profit and Loss for the year ended 31st March 2019

Particulars	Notes	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>REVENUE FROM OPERATIONS</b>			
Revenue from sale of Products	18	19,281,032	6,255,649
Other Income	19	11,001,368	2,497,648
<b>TOTAL INCOME (I)</b>		<b>30,282,400</b>	<b>8,753,297</b>
<b>EXPENSES</b>			
Purchase of Stock in Trade	20	17,961,426	7,141,225
Change in Inventories of Stock in Trade	21	87,000	(1,860,871)
Employee Benefit Expenses	22	2,979,100	3,723,404
Finance Cost	23	10,928,171	11,584,931
Depreciation and Amortisation Expense	24	338,532	952,994
Other Expenses	25	16,095,600	4,099,051
<b>TOTAL (II)</b>		<b>48,389,830</b>	<b>25,640,733</b>
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(18,107,430)</b>	<b>(16,887,436)</b>
Exceptional items		-	-
<b>PROFIT BEFORE TAX</b>		<b>(18,107,430)</b>	<b>(16,887,436)</b>
<b>Tax Expense:</b>	26		
Current Tax		-	-
Deferred Tax		(138,519)	(75,254)
Tax in respect of earlier years		424,281	-
		<b>285,762</b>	<b>(75,254)</b>
<b>PROFIT AFTER TAX</b>		<b>(18,393,192)</b>	<b>(16,812,182)</b>
<b>OTHER COMPREHENSIVE INCOME (OCI)</b>			
Items that will not be reclassified to Statement of Profit and Loss		-	-
Items that will be reclassified to Statement of Profit and Loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(18,393,192)</b>	<b>(16,812,182)</b>
<b>Profit for the Year Attributable to:</b>			
Ownres of the Company		(18,393,192)	(16,812,182)
Non-controlling interest		-	-
		<b>(18,393,192)</b>	<b>(16,812,182)</b>
<b>Total Comprehensive Income for the Year Attributable to:</b>			
Ownres of the Company		(18,393,192)	(16,812,182)
Non-controlling interest		-	-
		<b>(18,393,192)</b>	<b>(16,812,182)</b>
<b>Earnings per equity share (Face value of ₹ 10 each)</b>	30		
1) Basic (in ₹)		(3.45)	(3.15)
2) Diluted (in ₹)		(3.45)	(3.15)

Significant Accounting Policies and key accounting estimates and judgements 1

Notes are an integral part of the financial statements

As per our report of even date attached

For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 8<sup>th</sup> June, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**                      **SUNIL GANDHI**  
Director                                      Director  
DIN-00695322                      DIN-00322196  
**NIRAV SHAH**                      **ANSHUL GARG**  
Director                                      Company Secretary  
DIN-02033505                      Membership No. A43709

Mumbai, 8<sup>th</sup> June, 2019.



**Consolidated Statement of Changes in Equity for the year ended 31st March 2019****A. Equity Share Capital**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Balance at the beginning of the Reporting period	53,304,000	53,304,000
Changes in Equity Share capital during the year	-	-
<b>Balance at the end of the reporting period</b>	<b>53,304,000</b>	<b>53,304,000</b>

**B. Other Equity**

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Retained Earning	Exchange differences on translation of foreign operations	
	₹	₹	₹	₹	₹
<b>Balance as at April 01, 2017 (A)</b>	<b>598,000</b>	<b>569,718</b>	<b>19,441,757</b>	<b>1,217,273</b>	<b>21,826,748</b>
<b>Addition during the year:</b>					
Profit for the period	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	99,347	99,347
Items of OCI for the year, net of tax-	-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2018 (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,347</b>	<b>99,347</b>
Reductions during the year	-	-	-	-	-
<b>Total (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31st March 2018 (D)=(A+B+C)</b>	<b>598,000</b>	<b>569,718</b>	<b>19,441,757</b>	<b>1,316,619</b>	<b>21,926,094</b>
<b>Addition during the year:</b>					
Profit for the period	-	-	-	-	-
Items of OCI for the year, net of tax-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	1,638,345	1,638,345
<b>Total Comprehensive Income for the period ended 31/03/2019 (E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,638,345</b>	<b>1,638,345</b>
Reductions during the year	-	-	-	-	-
<b>Total (F)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31st March 2019 (G)=(D+E+F)</b>	<b>598,000</b>	<b>569,718</b>	<b>19,441,757</b>	<b>2,954,964</b>	<b>23,564,439</b>

As per our report of even date attached

For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 8<sup>th</sup> June, 2019.

For and on behalf of the Board of Directors of

**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**  
Director  
DIN-00695322

**NIRAV SHAH**  
Director  
DIN-02033505

Mumbai, 8<sup>th</sup> June, 2019.

**SUNIL GANDHI**  
Director  
DIN-00322196

**ANSHUL GARG**  
Company Secretary  
Membership No. A43709

# SUNRAJ DIAMOND EXPORTS LTD.

## Consolidated Cash Flow Statement for the year ended 31st March 2019

Particulars	31.03.2019 ₹	31.03.2018 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before tax	(18,107,430)	(16,887,436)
Adjustment for -		
Depreciation and Amortisation & Exceptional items	338,532	952,994
Finance Costs	10,928,171	11,584,931
Provision for Doubtful Debt	12,283,192	-
Effect of exchange rates on translation of operating cashflows	1,638,345	99,347
<b>Operating Profit before Working Capital Changes</b>	<b>7,080,810</b>	<b>(4,250,164)</b>
Adjustment for :		
(Increase) / Decrease in Trade Receivables	10,232,407	(284,620)
(Increase) / Decrease in Financial Assets	(86,000)	(166,336)
(Increase) / Decrease in Inventories	87,000	(1,860,871)
(Increase) / Decrease in Other assets	(826,341)	(708,186)
Increase / (Decrease) in Trade and other payables	10,098,372	(18,583,770)
Cash generated from Operations activities	26,586,249	(25,853,947)
Direct Taxes Paid (Net of Refund)	81,760	-
<b>Net Cash from Operating Activities (A)</b>	<b>26,504,489</b>	<b>(25,853,947)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant and Equipment	-	(41,400)
(Increase) / Decrease in Other Bank Balances	(3,900)	-
<b>Net Cash used in Investing Activities (B)</b>	<b>(3,900)</b>	<b>(41,400)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Short Term Borrowings	(15,131,475)	37,356,197
Finance Cost	(10,928,171)	(11,584,931)
<b>Net Cash used in Financing Activities (C)</b>	<b>(26,059,647)</b>	<b>25,771,266</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; EQUIVALENTS</b>	<b>440,942</b>	<b>(124,082)</b>
Cash & Cash Equivalents at the beginning of the year	579,547	703,629
Cash & Cash Equivalents at the end of the year	1,020,489	579,547

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind-As-7)- Statement of Cash Flow

(b) Particulars	31.03.2019 ₹	31.03.2018 ₹
Cash and Cash Equivalents comprises of		
Balance with Banks:		
- Current Accounts	1,001,048	558,678
Cash on hand	19,441	20,868
<b>Cash and Cash Equivalent in Cash Flow Statement</b>	<b>1,020,489</b>	<b>579,547</b>

As per our report of even date attached  
For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 8<sup>th</sup> June, 2019.

For and on behalf of the Board of Directors of  
**Sunraj Diamond Exports Limited**  
**SUNNY GANDHI**  
Director  
DIN-00695322  
**NIRAV SHAH**  
Director  
DIN-02033505  
**SUNIL GANDHI**  
Director  
DIN-00322196  
**ANSHUL GARG**  
Company Secretary  
Membership No. A43709  
Mumbai, 8<sup>th</sup> June, 2019.

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**Consolidated Notes to the Financial Statements for the year ended 31st March, 2019**

**COMPANY OVERVIEW**

Sunraj Diamonds exports limited is a public limited company has been incorporated under the provisions of the Companies Act, 1956. Its shares are listed in BSE Stock Exchange. These financial statements comprises the Group and its subsidiaries (referred to collectively as the 'Group'. The Group is engaged in the business of manufacturing, trading and exporting of gold jewellery, cut and polished diamond and silver items.

**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

**a. Statement of compliance with Ind AS**

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

**b. Functional and presentation currency**

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency. Recognition and Measurement of foreign transaction have been disclosed in note 3(u) below.

**c. Basis of Measurement**

The consolidated financial statements have been prepared on the historical cost basis.

**d. Use of Estimates and Judgements**

The preparation of these consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions of the group are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets.

**i) Impairment of investments**

The group reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**ii) Useful lives of property, plant and equipment**

The group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**iii) Valuation of deferred tax assets**

The group reviews the carrying amount of deferred tax assets at the end of each reporting period.

## SUNRAJ DIAMOND EXPORTS LTD.

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### e. Measurement of Fair Values

The group has established control framework with respect to the measurement of fair values. The group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Board of Directors of the group of company.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1** - quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

**Level 3** - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### f. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company has :

#### **Power over the investee**

Is exposed or has rights to variable returns from its involvement with the investee, and

Has the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31st March. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### **Consolidation procedure:**

- i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

- ii) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.
- iii) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.
- iv) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary has been considered in the preparation of the consolidated financial statements

Name of Subsidiary Company	Country of Incorporation	Extent of Holding/Voting Power as on 31st March 2019
SUNRAJ DIAMONDS DMCC	DUBAI	100.00%

**g. Revenue Recognition:**

**Revenue from contracts with customer**

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**i) Sale of products**

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

**ii) Interest Income**

Interest income on deposits, securities and loans is recognised at the agreed rate on time proportionate basis.

**iii) Dividend income:**

Dividend income on investments is recognised as and when received.

**h. Earning per Share :**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.

## SUNRAJ DIAMOND EXPORTS LTD.

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### **i. Provisions, Contingent Liabilities and Contingent Assets :**

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

### **j. Cash and Cash Equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

### **k. Cash Flow Statement**

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## **1 Property, Plant And Equipment**

### **i) Recognition and Measurement**

Items of property, plant and equipment of the group are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation, and accumulated impairment losses, if any, except freehold land which is carried at historical cost.

Cost of an item of property, plant and equipment of the group comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment of the group comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

When significant parts of plant and equipment are required to be replaced at intervals, the group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

### **ii) Subsequent Expenditure**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.



**iii) Depreciation/Amortisation**

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives best represent the period over which management expects to use these assets.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

**iv) Derecognition**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss, when the asset is derecognised.

**m. Recognition of Dividend Income, Interest Income**

Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.

**n. Income Tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i) Current Tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**ii) Deferred Tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.



## SUNRAJ DIAMOND EXPORTS LTD.

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Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

### **o. Intangible assets**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The group currently does not have any intangible assets with indefinite useful life. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### **p. Inventories**

Inventories are valued at the lower of cost and net realisable value except scrap and by products which are valued at net realisable value. Costs incurred in bringing the inventory to its present location and condition are accounted for as follows:

- i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

### **q. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## **1 FINANCIAL ASSETS**

### **i) Classification**

□ A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at Fair Value through Profit and Loss Account (FVTPL):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

□ A debt investment is measured at Fair Value through other comprehensive income (FVOCI) if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

□ Financial assets are not reclassified subsequent to their initial recognition except if and in the period the Company changes its business model for managing financial assets.

## ii) Measurement

At initial recognition, the group measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

## iii) Subsequent Measurement and Gains and Losses

Financial assets at FVTPL :- These assets are subsequently measured at fair value. Net gains including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost :-These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

## iv) Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

## 2 FINANCIAL LIABILITIES

### i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### ii) **Derecognition**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

### iii) **Offsetting**

Financial assets and financial liabilities are off set and the net amount presented in the Balance Sheet when, and only when, the group currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## r. **Impairment**

### i) **Impairment of financial assets**

In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the group reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the consolidated statement of profit and loss. This amount is reflected under the head 'other expenses' in the consolidated statement of profit and loss. The consolidated balance sheet presentation for various financial instruments is described below:

□ Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the consolidated balance sheet. the allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

□ Debt instruments measured at FVTPL: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. The change in fair value is taken to the consolidated statement of Profit and Loss.

□ Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**ii) Impairment of Non-Financial Assets**

The group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

In respect of assets for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**s. Employee Benefits**

**i) Short Term Employee Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**ii) Long term Employee Benefits:**

Provident Fund and Superannuation Contribution are accrued each year in terms of contracts with the employees. Provision for Gratuity is determined and accrued on the basis of actuarial valuation. Leave encashment benefit to employees has been provided on an estimated basis.

**s. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**t. Foreign Currency Transactions and Foreign Operations**

The functional currency of Sunraj Diamond Exports Limited is the Indian rupee. The functional currencies for its Subsidiary Sunraj Diamond DMCC is USD. These consolidated financial statements are presented in Indian Rupees.

Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency

## SUNRAJ DIAMOND EXPORTS LTD.

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and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed of, in full, the relevant amount is transferred to net profit in the Statement of Profit and Loss. However, when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the Balance Sheet date.

### v. **STANDARAD ISSUED NOT YET EFFECTIVE**

#### **Standards issued but not yet effective**

On March 30, 2019 the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116 on Leases. Ind AS 116 would replace the existing leases standard Ind AS 17.

The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently for operating lease rentals are charged to the statement of profit and loss. The Company is currently evaluating the implications of Ind AS 116 on the financial statements.

The Companies (Indian Accounting Standards) Amendment Rules, 2019 also notified amendments to the following accounting standards. The amendments would be effective from April 1, 2019.

Ind AS 12, Income taxes – Appendix C on uncertainty over income tax treatments

Ind AS 12, Income Taxes - Accounting for Dividend Distribution Taxes

Ind AS 23, Borrowing costs

Ind AS 28 – Investment in associates and joint ventures

Ind AS 103 and Ind AS 111 – Business combinations and joint arrangements

Ind AS 109 – Financial instruments

Ind AS 19 – Employee benefits

The Group is in the process of evaluating the impact of such amendments.

## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

### NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	Balance as at April 1, 2018 ₹	Additions during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at April 1, 2018 ₹	Depreciation during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2018 ₹
Computer	391,103	-	-	391,103	329,524	22,238	-	351,762	39,341	61,579
Furniture	950,726	-	-	950,726	854,010	6,147	-	860,157	90,569	96,716
Office Equipment	866,116	-	-	866,116	760,878	20,642	-	781,520	84,596	105,238
Vehicles	7,668,590	-	-	7,668,590	6,706,146	289,505	-	6,995,651	672,939	962,444
<b>Total Property, Plant &amp; Equipment</b>	9,876,535	-	-	9,876,535	8,650,558	338,532	-	8,989,090	887,445	1,225,977

### NOTE 3 : INTANGIBLE ASSETS

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value	
	Balance as at April 1, 2018 ₹	Additions during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at April 1, 2018 ₹	Depreciation during the year ₹	Deductions during the year ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2019 ₹	Balance as at March 31, 2018 ₹
Software	89,585	-	-	89,585	85,105	-	-	85,105	4,480	4,480
<b>Total Intangible Assets</b>	89,585	-	-	89,585	85,105	-	-	85,105	4,480	4,480

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## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 4 : NON CURRENT INVESTMENTS</b>		
<b>Investments in Equity Instruments at Cost</b>		
<b>Unquoted Equity Shares</b>		
<b>Investment in other company</b>		
150 equity shares of Rander Peoples' Co-op. Bank Limited of ₹ 100 each fully paid (31st March, 2018 - 150)	15,000	15,000
<b>Total Investments in Unquoted Equity Shares</b>	<b>15,000</b>	<b>15,000</b>
Aggregate amount of Unquoted Investments - At Cost	15,000	15,000
Aggregate provision for diminution in value of investments	-	-
<b>NOTE 5 : OTHER FINANCIAL ASSETS</b>		
Security Deposits	601,800	551,800
<b>Total</b>	<b>601,800</b>	<b>551,800</b>
<b>NOTE 6 : DEFERRED TAX ASSETS</b>		
<b>Deferred Tax Assets</b>		
Property, Plant and Equipment - difference between value of assets as per book base and tax base	824,707	686,188
<b>Total Deferred Tax Assets</b>	<b>824,707</b>	<b>686,188</b>
<b>NOTE 7 : NON CURRENT ASSETS</b>		
Advance to Supplier	6,571,274	6,178,800
Less: Provision for Doubtful Debts	2,168,520	-
<b>Total</b>	<b>4,402,753</b>	<b>6,178,800</b>
<b>NOTE 8 : TRADE RECEIVABLES *</b>		
Secured, considered good	-	-
Unsecured, considered good	172,921,154	193,332,926
Unsecured, considered doubtful	10,492,387	-
	<b>183,413,541</b>	<b>193,332,926</b>
Less: Allowances for unsecured doubtful debts	10,492,387	-
<b>Total</b>	<b>172,921,154</b>	<b>193,332,926</b>

\* Refer Note 26 - Financial instruments, fair values and risk measurement.



## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 9 : CASH AND BANK BALANCES*</b>		
<b>(A) Cash and Cash Equivalent</b>		
(a) Balances with Banks		
(i) Current Accounts	1,001,048	558,678
(b) Cash on hand	19,441	20,868
<b>Total</b>	<b>1,020,489</b>	<b>579,547</b>
<b>(B) Other Balances with Banks</b>		
Unclaimed Dividend Accounts	1,799,257	1,795,357
<b>Total</b>	<b>1,799,257</b>	<b>1,795,357</b>
* Refer Note 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 10 : LOANS*</b>		
Loans to Employees	38,000	2,000
<b>Total</b>	<b>38,000</b>	<b>2,000</b>
* Refer Note 26 - Financial instruments, fair values and risk measurement.		
<b>NOTE 11 : OTHER CURRENT ASSETS</b>		
Prepaid Expenses	106,269	38,885
Balance with Statutory Authorities	9,980,645	9,891,990
Capital Advances	2,702,430	2,702,430
<b>Total</b>	<b>12,789,344</b>	<b>12,633,305</b>

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## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 12A : EQUITY SHARE CAPITAL</b>		
<b>Authorised</b>		
80,00,000 (P.Y. 80,00,00) Equity Shares of ₹ 10 each	80,000,000	80,000,000
	<u>80,000,000</u>	<u>80,000,000</u>
<b>Issued, Subscribed and Fully Paid up Capital</b>		
53,30,400 (P.Y. 53,30,400) Equity Shares of ₹ 10 each fully paid	53,304,000	53,304,000
<b>Total</b>	<u>53,304,000</u>	<u>53,304,000</u>

### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As At 31.03.2019		As At 31.03.2018	
	Number	₹	Number	₹
At the beginning of the year	5,330,400	53,304,000	5,330,400	53,304,000
Add: Issued during the year	-	-	-	-
At the end of the year	<u>5,330,400</u>	<u>53,304,000</u>	<u>5,330,400</u>	<u>53,304,000</u>

### (b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each Equity Shareholder is entitled to one vote per share. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (c) Details of Shareholders holding more than 5% equity shares in the Company

Name of the Shareholders	As At 31.03.2019		As At 31.03.2018	
	Number	% held	Number	% held
<b>Equity Shares</b>				
Sunny Sunil Gandhi	1,320,800	24.78%	1,320,800	24.78%
Gunvanti Chandrakant Gandhi	375,000	7.04%	375,000	7.04%

### NOTE 12B : OTHER EQUITY

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Capital Reserve	General Reserve	Retained Earning	Exchange differences on translation of foreign operations	
	₹	₹	₹	₹	
<b>Balance as at April 01, 2017 (A)</b>	598,000	569,718	19,441,757	1,217,273	21,826,748
<b>Addition during the year:</b>					
Profit for the period	-	-	(16,812,182)	-	(16,812,182)
Exchange differences on translation of foreign operations	-	-	-	99,347	99,347
Items of OCI for the year, net of tax-	-	-	-	-	-
<b>Total Comprehensive Income for the period ended 31/03/2018 (B)</b>	-	-	(16,812,182)	99,347	(16,712,835)
Reductions during the year	-	-	-	-	-
<b>Total (C)</b>	-	-	-	-	-
<b>Balance as at 31st March 2018 (D)=(A+B+C)</b>	<u>598,000</u>	<u>569,718</u>	<u>2,629,575</u>	<u>1,316,619</u>	<u>5,113,912</u>
<b>Addition during the year:</b>					
Profit for the period	-	-	(18,393,192)	-	(18,393,192)
Items of OCI for the year, net of tax-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	1,638,345	1,638,345
<b>Total Comprehensive Income for the period ended 31/03/2019 (E)</b>	-	-	(18,393,192)	1,638,345	(16,754,847)
Reductions during the year	-	-	-	-	-
<b>Total (F)</b>	-	-	-	-	-
<b>Balance as at 31st March 2019 (G)=(D+E+F)</b>	<u>598,000</u>	<u>569,718</u>	<u>(15,763,617)</u>	<u>2,954,964</u>	<u>(11,640,935)</u>

**Consolidated Notes to the Financial Statements for the year ended 31st March, 2019**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 13 : INCOME TAX LIABILITIES (NET)</b>		
Provisions for Tax (Net of Advance Tax)	<b>7,772,000</b>	7,772,000
	<b>7,772,000</b>	7,772,000
<b>NOTE 14 : BORROWINGS*</b>		
<b>Unsecured Loan</b>		
From Directors	<b>79,065,824</b>	58,442,679
Inter Corporate Loans	<b>46,859,720</b>	82,614,340
<b>Total</b>	<b>125,925,543</b>	141,057,019
* Refer Note 27 - Financial instruments, fair values and risk measurement.		
<b>NOTE 15 : TRADE PAYABLES*</b>		
Due to Micro and Small Enterprises	-	-
Due to others	<b>22,975,748</b>	12,910,690
<b>Total</b>	<b>22,975,748</b>	12,910,690
* Refer Note 27 - Financial instruments, fair values and risk measurement.		
<b>NOTE 16 : OTHER FINANCIAL LIABILITIES</b>		
Provisiom for Employee Benefits	<b>206,200</b>	140,400
Unclaimed Dividend*	<b>1,799,257</b>	1,795,357
Provision for expenses	<b>10,236</b>	8,840
<b>Total</b>	<b>2,015,693</b>	1,944,597
* There is no amount due and outstanding to be transferred to the Investor Education and Protection Fund as on 31st March 2019.		
<b>NOTE 17 : OTHER CURRENT LIABILITIES</b>		
Statutory Liabilites	<b>43,300</b>	78,988
Other Payable	-	2,094
<b>Total</b>	<b>43,300</b>	81,082

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## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 18 : REVENUE FROM OPERATIONS</b>		
Sale of Products	19,281,032	6,255,649
<b>Total</b>	<b>19,281,032</b>	<b>6,255,649</b>
<b>NOTE 19 : OTHER INCOME</b>		
Net Gain on Foreign Exchange Fluctuation	10,973,328	2,497,648
Discount Received	28,040	–
<b>Total</b>	<b>11,001,368</b>	<b>2,497,648</b>
<b>NOTE 20 : COST OF TRADED GOODS</b>		
Purchase of Stock in Trade	17,865,051	7,139,225
Direct Expenses	96,376	2,000
<b>Total</b>	<b>17,961,426</b>	<b>7,141,225</b>
<b>NOTE 21 : CHANGES IN INVENTORIES OF STOCK IN TRADE</b>		
Inventories at the end of the year		
Stock In Trade	5,052,904	5,177,920
Raw Material	38,016	–
	<b>5,090,920</b>	<b>5,177,920</b>
Inventories at the beginning of the year		
Stock In Trade	5,177,920	3,317,049
<b>Changes In Inventories of Stock in Trade</b>	<b>87,000</b>	<b>(1860,871)</b>
<b>NOTE 22 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, wages and bonus	2,329,100	2,037,700
Director Remuneration	650,000	1,625,000
Staff Welfare Expenses	–	60,704
<b>Total</b>	<b>2,979,100</b>	<b>3,723,404</b>
<b>NOTE 23 : FINANCE COST</b>		
Interest on Bank Borrowings	–	638,905
Other Interest Expenses	10,887,546	10,834,927
Other Borrowing Expenses	40,626	111,098
<b>Total</b>	<b>10,928,171</b>	<b>11,584,931</b>

**Consolidated Notes to the Financial Statements for the year ended 31st March, 2019**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>NOTE 24 : DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on Property, Plant & Equipments	338,532	952,994
<b>Total</b>	<b>338,532</b>	952,994
<b>NOTE 25 : OTHER EXPENSES</b>		
Audit Fees	-	125,000
Legal & Professional Fees	277,418	1,267,463
Conveyance Expenses	27,798	31,262
Rent Charges	1,605,000	1,538,880
Repair and Maintenance	97,871	48,050
Telephone Expenses	17,925	43,453
Travelling Expense	182,308	15,480
Insurance Expense	4,072	89,226
Sales promotion including publicity	-	16,686
Interest on TDS	8,314	1,639
Interest on Other Statutory Dues	250	321
Interest on Late payment	40,068	31,649
Provision for Doubtful Debt	12,283,192	-
Other Expenses	1,551,384	889,942
<b>Total</b>	<b>16,095,600</b>	4,099,051
<b>Payment to Auditors</b>		
Audit Fee	-	125,000
<b>Total</b>	-	125,000
<b>NOTE 26 : INCOMETAX EXPENSES</b>		
<b>Tax Expense recognised in the Statement of Profit &amp; Loss</b>		
<b>Current Tax</b>		
Current tax on taxable income for the year	-	-
Adjustments for the current tax of prior periods	424,281	-
<b>Total Current Tax Expenses</b>	<b>424,281</b>	-
<b>Deferred Tax</b>		
Deferred Tax Charge/(Credit)	(138,519)	(75,254)
<b>Total Deferred Tax Expenses</b>	<b>(138,519)</b>	(75,254)
<b>Total Income Tax Expenses</b>	<b>285,762</b>	(75,254)

## Consolidated Notes to the Financial Statements for the year ended 31st March, 2019

### NOTE 27 : FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS

#### A. Financial instruments by category and their fair value

As at 31st March 2019	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
	₹	₹	₹	₹	₹	₹	₹	₹
<b>Financial Assets</b>								
Other Financial Assets								
- Non current	-	-	601,800	601,800	-	-	-	-
Trade receivables	-	-	172,921,154	172,921,154	-	-	-	-
Cash and cash equivalents	-	-	1,020,489	1,020,489	-	-	-	-
Other Balance with Banks	-	-	1,799,257	1,799,257	-	-	-	-
Loans-Current	-	-	38,000	38,000	-	-	-	-
<b>Total Financial Assets</b>	-	-	176,380,700	176,380,700	-	-	-	-
<b>Financial Liabilities</b>								
Borrowings								
- Current	-	-	125,925,543	125,925,543	-	-	-	-
Other financial liabilities								
- Current	-	-	2,015,693	2,015,693	-	-	-	-
Trade Payable	-	-	22,975,748	22,975,748	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	150,916,985	150,916,985	-	-	-	-
<b>As at 31st March, 2018</b>								
<b>Financial Assets</b>								
Other Financial Assets								
- Non current	-	-	551,800	551,800	-	-	-	-
Trade receivables	-	-	193,332,926	193,332,926	-	-	-	-
Cash and cash equivalents	-	-	579,547	579,547	-	-	-	-
Other Balance with Banks	-	-	1,795,357	1,795,357	-	-	-	-
Loans-Current	-	-	2,000	2,000	-	-	-	-
<b>Total Financial Assets</b>	-	-	196,261,630	196,261,630	-	-	-	-
<b>Financial Liabilities</b>								
<b>Current</b>								
Borrowings								
- Current	-	-	141,057,019	141,057,019	-	-	-	-
Other financial liabilities								
- Current	-	-	1,944,597	1,944,597	-	-	-	-
Trade Payable	-	-	12,910,690	12,910,690	-	-	-	-
<b>Total Financial Liabilities</b>	-	-	155,912,306	155,912,306	-	-	-	-

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**Types of inputs for determining fair value are as under:**

**Level 1:** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

**i) Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods.

**ii) Transfer out of Level 3**

There were no movement in level 3 in either directions during the financial year ending on 31 March 2019 and 31 March 2018.

**B. Financial risk management**

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks through its Risk Management Committee. The Risk Management Policy of the Group formulated by the Board, states the Group's approach to address uncertainties in its endeavor to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Group's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group's financial performance.

The following disclosures summarize the Group's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Group.

**1) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, trade payables, trade receivables, loans and derivative financial instruments.

**a) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Group has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Group has not used any interest rate derivatives.



# SUNRAJ DIAMOND EXPORTS LTD.

## b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group operates, in addition to domestic markets, significantly in international markets through its sales and services in overseas in US\$ and is therefore exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. The Group does not enter into any derivative instruments for trading or speculative purposes.

### Details of unhedged foreign currency exposure

(a) Particulars of unhedged foreign currency exposure as at the reporting date are as follows:

Unhedged Exposures	Foreign Currency Denomination	As at March 31, 2019		As at March 31, 2018	
		Amount in Foreign Currency	Amount in ₹	Amount in Foreign Currency	Amount in ₹
Trade Receivable	USD	2,526,440	172,921,153	2,975,231	193,332,926

## (b) Foreign Currency Risk Sensitivity

The Group is mainly exposed to changes in USD. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

A change in Foreign currency would have following Impact on profit before tax

(Amount in Lacs)

	As at March 31, 2019		As at March 31, 2018	
	5% Increase ₹	5% Decrease ₹	5% Increase ₹	5% Decrease ₹
USD	86.46	(86.46)	96.67	(96.67)

## C) Other Price Risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. Other price risk arises from financial assets such as investments in equity instruments. The Group has no investments in quoted equity instruments, therefore the Group has no Other Price risk.

## 2) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. To manage this, the Group periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information. The Group considers Credit risk arises primarily from financial assets such as trade receivables, other balances with banks, and loans.

Credit risk arising from other balances with banks is limited and there is no collateral held against these because the counter parties are banks and recognised financial institutions with high credit ratings assigned by the credit rating agencies.

Financial assests are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is provided.

**Ageing of Account receivables**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Beyond 12 months and less than 2 years beyond 2 years	<b>172,921,154</b>	193,332,926
<b>Total</b>	<b>172,921,154</b>	193,332,926

**3) Liquidity Risk**

Liquidity risk is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the Group to manage liquidity is to ensure, as far as possible, that these will have sufficient liquidity to meet their respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation. The group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

As on 31st March 2019	Less than 1 year ₹	Between 1 to 5 Years ₹	Beyond 5 years	Total
Borrowings				
- Current	125,925,543	-	-	125,925,543
Trade payables	22,975,748	-	-	22,975,748
Other Financial Liabilities				
- Current	2,015,693	-	-	2,015,693
<b>Total</b>	<b>150,916,985</b>	<b>-</b>	<b>-</b>	<b>150,916,985</b>

As on 31st March 2018	Less than 1 year ₹	Between 1 to 5 Years ₹	Beyond 5 years	Total
Borrowings				
- Current	141,057,019	-	-	141,057,019
Trade payables	113,320	12,797,370	-	12,910,690
Other Financial Liabilities				
- Current	1,944,597	-	-	1,944,597
<b>Total</b>	<b>143,114,936</b>	<b>12,797,370</b>	<b>-</b>	<b>155,912,306</b>

## SUNRAJ DIAMOND EXPORTS LTD.

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### **NOTE 28 : CAPITAL MANAGEMENT**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The capital structure of the group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

### **NOTE 29 : INFORMATION ON RELATED PARTY TRANSACTIONS AS REQUIRED BY IND AS - 24 - 'RELATED PARTY DISCLOSURES' FOR THE YEAR ENDED 31ST MARCH, 2019.**

#### **(i) Name of the Related Party and Nature of Relationship**

##### **a) Key Management Personnel (KMP)**

Sunny S. Gandhi	Executive Director
Sunil Chandrakant Gandhi	
Shruti Sunny Gandhi	
Pravin Dahyabhai Shah	
Anshul Garg	
Prabodhchandra Vidyadhar Joshi	
Nirav K. Shah	Chief Financial Officer

##### **b) Enterprise under significant influence of key management personnel (Enterprise)**

Sunraj Investment & Finance Pvt. Ltd.  
K. D. Shah Investments Pvt. Ltd.

**(ii) Transactions carried out with related parties referred in (i) above, in ordinary course of business:**

Nature of Transactions	Relationship	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>(a) Remuneration</b>			
Sunny S. Gandhi	KMP	650,000	650,000
Nirav K. Shah	KMP	-	975,000
<b>(b) Interest Paid</b>			
K. D. Shah Investments Pvt. Ltd.	Enterprise	9,176,709	10,834,927
<b>(c) Loan Taken</b>			
Sunny S. Gandhi	KMP	32,515,660	31,094,232
K. D. Shah Investments Pvt. Ltd.	Enterprise	9,176,709	10,834,927
<b>(d) Loan Repaid</b>			
Sunny S. Gandhi	KMP	13,041,325	4,339,207
Sunil Chandrakant Gandhi	KMP	163,966	333,118
K. D. Shah Investments Pvt. Ltd.	Enterprise	35,814,000	8,087,000
<b>(e) Amount Payable</b>			
<b>As Unsecured Loan</b>			
Sunil Chandrakant Gandhi	KMP	-	163,966
Sunny S. Gandhi	KMP	73,902,255	54,427,920
K. D. Shah Investments Pvt. Ltd.	Enterprise	45,582,529	72,219,820

- i) All related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.
- ii) No amounts pertaining to related parties have been provided for as doubtful debts. Also no amounts have been written off or written back during the year.

**NOTE 30 : EARNING PER SHARE**

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
Earning Per Share has been computed as under:		
Profit after tax as per Statement of Profit and Loss	(18,393,192)	(16,812,182)
Weighted average number of equity shares outstanding	5,330,400	5,330,400
Basic and diluted earnings per share in rupees (Face Value – 10 per share)	(3.45)	(3.15)

# SUNRAJ DIAMOND EXPORTS LTD.

## NOTE 31 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31.03.2019 ₹	As at 31.03.2018 ₹
<b>a. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts: Income Tax matter in dispute under appeal	<b>7,489,523</b>	18,673,184
<b>TOTAL</b>	<b>7,489,523</b>	18,673,184
<b>b. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	-	-
<b>TOTAL</b>	-	-

## NOTE 32 : SEGMENT REPORTING

The Group is primarily engaged in single business segment viz., Trading in Gems and precious metals, hence there are no separate reportable primary segments as per Indian Accounting Standard 108 Operating Segments.

## NOTE 33 : GROUP INFORMATION

The Consolidated financial statement of the Group includes subsidiaries as mentioned below :

Name of the Entities	Net Assets i.e. total assets minus total liabilities		Share in Profit/(Loss)		Share in Total Comprehensive income	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated comprehensive Income	Amount (₹ in Lakhs)
<b>Parent Company</b>						
Sunraj Diamonds Exports Limited	63.92%	266.29	32.05%	(58.95)	32.05%	(58.95)
<b>Subsidiary Company</b>						
Sunraj Diamonds DMCC	46.00%	191.63	67.95%	(124.98)	67.95%	(124.98)
Inter-company eliminations & Consolidation adjustments	-9.91%	(41.30)	0.00%	0.00	0.00%	0.00
<b>Total</b>	<b>100.00%</b>	<b>416.63</b>	<b>100.00%</b>	<b>(183.93)</b>	<b>100.00%</b>	<b>(183.93)</b>

As per our report of even date attached  
For **Shah Khakhi & Associates**  
Chartered Accountants  
(Firm Reg. No. : 0126506W)

**Snehal R. Shah**  
Partner  
Membership No. : 113347  
Mumbai, 29<sup>th</sup> May, 2019.

For and on behalf of the Board of Directors of  
**Sunraj Diamond Exports Limited**

**NIRAV SHAH**                      **SUNIL GANDHI**  
Director                                      Director  
DIN-02033505                      DIN-00322196  
Mumbai, 29<sup>th</sup> May, 2019.

## SUNRAJ DIAMOND EXPORTS LIMITED

**Regd. Office :** 1412-1414, Prasad Chambers, Opera House, Mumbai - 400004.  
**CIN : L36912MH1990PLC057803**

### ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

	Member's Folio No. ....
	DP ID No. ....
Name of the attending Member (In Block Letters)	Client ID No.....
Name of the Proxy (In Block Letters) (to be filled if the Proxy attends instead of the Members)	
No. of Shares held ..... I hereby record my presence at the 29th Annual General Meeting of Sunraj Diamond Exports Limited being held on Monday, the 30th September, 2019 at 3.00 p.m at Seva Sadan Society Hall, Pandita Ramabai Road, Gamdevi, Mumbai - 400007.	
Note: Please complete this slip and hand it over at the entrance of the Meeting venue.	Member's / Proxy's Signature

## SUNRAJ DIAMOND EXPORTS LIMITED

**Regd. Office :** 1412-1414, Prasad Chambers, Opera House, Mumbai - 400004.  
**CIN : L36912MH1990PLC057803**

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :	
Registered Address :	
E-mail ID :	
Folio No./DP ID-client ID :	

I/We, ..... being the member(s) of ..... shares of the above named company, hereby appoint.

1 Name	Address
E-mail id	Signature or failing him/her
2 Name	Address
E-mail id	Signature or failing him/her
3 Name	Address
E-mail id	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Monday, the 30th September, 2019 at 3.00 p.m at Seva Sadan Society Hall, Pandita Ramabai Raod, Gamdevi, Mumbai - 400007 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars	Tick	
Ordinary Business		For	Against
1	Adoption of Audited Financial Statement alongwith Reports of Board of Directors and Auditors thereon for the year ended 31st March, 2019.		
2	Re-appointment of Mr. Sunny Gandhi Director, who retires by rotation.		
3	Re-appointment of Mr. Sunil Gandhi Director, who retires by rotation.		
4	Appointment of Auditor M/s Anoop Agarwal & Company, Chartered Accountants for 5 years.		
5	Re-appointment of and payment of remuneration to Mr. Sunny Gandhi as Whole-time Director, designated as Executive Director.		

Signed this ..... day of ..... 2019.

Signature of Proxyholder(s) ..... Signature of Member .....

**Affix Re.1  
Revenue  
Stamp**

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 29th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

**By Courier / Post**

To,

*If undelivered, please return to :*

***Sunraj Diamond Exports Ltd.***

1412-1414, Prasad Chambers,  
Opera House, Mumbai - 400004.