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Shantivijay Jewels Limited

ANNUAL REPORT 2003-2004



SHANTIVIJAY JEWELS LIMITED

BOARD OF DIRECTORS

BIMALCHAND GODHA

(Chairman & Managing Director)

JEFFREY K. STERN

SHAMBHUKUMAR S. KASLIWAL

RAJENDRA J. SHAH

JAYANT B. SHAH

APURVA R. SHAH

PRADEEP B. GODHA

ANURAG B. GODHA

REGISTERED OFFICE / WORKS

G 37, Gem & Jewellery Complex, Bldg. No. III,
SEEPZ, Andheri (E), Mumbai-400 096.

ADMINISTRATIVE OFFICE

L-1, Hotel Oberoi Towers, Nariman Point, Mumbai-400 021.

BANKERS

Canara Bank

Overseas Branch, Nariman Point, Mumbai-400 021.

AUDITORS

B.F. Chordia & Co.

Chartered Accountants

17/1004, Indradarshan, Oshivara Link Road, Andheri (West), Mumbai-400 053.

REGISTRAR & TRANSFER AGENTS

Bigshare Services Pvt. Ltd.

E-2/3, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai-400 072.

SHANTIVIJAY JEWELS LIMITED

NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of the Members of SHANTIVIJAY JEWELS LIMITED will be held at G-37, Gem & Jewellery Complex, Building No. III, SEEPZ, Andheri (East), Mumbai 400 096 on **Tuesday, 3rd August, 2004 at 10.00 A.M.** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors', thereon.
2. To appoint a Director in place of Shri. Pradeep Godha, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. J. B. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and subject to all such sanctions as may be necessary, the Company hereby approves the reappointment of Shri. Bimalchand Godha as the Managing Director of the Company for a period of five years with effect from 1st October, 2004 on the terms and conditions including remuneration as set out in the draft agreement proposed to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement as the Board of Directors in its discretion deem fit and as acceptable to Shri. Bimalchand Godha."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment

thereof, for the time being in force and hereinafter referred to as "the Act") and subject to all such sanctions as may be necessary, the Company hereby approves the reappointment of Shri. Pradeep Godha as the Wholtime Director of the Company for a period of five years with effect from 1st October, 2004 on the terms and conditions including remuneration as set out in the draft agreement proposed to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement as the Board of Directors in its discretion deem fit and as acceptable to Shri. Pradeep Godha."

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force and hereinafter referred to as "the Act") and subject to all such sanctions as may be necessary, the Company hereby approves the reappointment of Shri. Anurag Godha as the Wholtime Director of the Company for a period of five years with effect from 1st October, 2004 on the terms and conditions including remuneration as set out in the draft agreement proposed to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement as the Board of Directors in its discretion deem fit and as acceptable to Shri. Anurag Godha."

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

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreement, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter) and all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions as may be necessary and subject to such

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conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent is hereby accorded to the Board to delist the Equity Shares of the Company from the Ahmedabad Stock Exchange and the Delhi Stock Exchange Association Limited."

9. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and the rules framed there under, Listing Agreement, Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereafter) and all other applicable laws, rules, regulations and guidelines and subject to all such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any

Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) consent is hereby accorded to the Board to delist the Equity Shares of the Company from The Stock Exchange, Mumbai and further to do all such acts, deeds and things including execution of documents as may be necessary for this purpose."

10. To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, Index Members and copies of all Annual Returns prepared under Section 159 of the Act with the copies of the certificates and documents required to be annexed thereto under Section 161 of the Act or any one or more of them, be kept at the office of Bigshare Services Private Limited, Registrar and Share Transfer Agents of the Company at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072 instead of being kept at the Registered Office of the Company."

Registered Office: BY ORDER OF THE BOARD
G-37, Gem & Jewellery Complex,
Building No.III, SEEPZ, Andheri(East), Sd/-
Mumbai 400 096. BIMALCHAND GODHA
Dated 30th June, 2004 CHAIRMAN

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item Nos. 5 to 10 above is annexed hereto and forms part of the Notice.
3. The Share Transfer Books and the Register of Members of the Company shall be closed from **Tuesday, 27th July, 2004 to Tuesday, 3rd August, 2004** (both days inclusive).
4. The members are requested to note :
 - (i) **Change of Registrar and Share Transfer Agents :**
The Company has appointed M/s. Bigshare Services

Private Limited at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072, as the new Registrar and Share Transfer Agents and the members are requested to send/address all their shares related matters/correspondence directly to them.

- (ii) **Change of Address /Bank details :** Members are requested to inform the Company or M/s Bigshare Services Private Limited, immediately of any change in their address. Members holding shares in dematerialized form are requested to intimate all changes with respect to their address, bank details, mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. This will help the Company to provide efficient and better service to the members.
- (iii) **Shares of the Company are traded compulsorily in dematerialized form** for all investors. Shareholders are requested to open an account with Depository Participants, if not done so far.

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(iv) Section 109A of the Companies Act, 1956 provides for **Nomination** by the shareholders of the Company in the prescribed Form No. 2B (which will be made available on request). Shareholders are requested to avail this facility.

(v) Members desirous of obtaining **any information or clarification concerning the accounts** or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to the Company at the Registered Office, so that the same may be attended to appropriately to the extent possible.

5. Brief resumes of Directors seeking re-election /re-appointment are as under:

Name of the Director	Shri. Bimalchand Godha	Shri. Pradeep Godha	Shri. Anurag Godha	Shri. J. B. Shah
Age	72	46	43	56
Date of Appointment	13.04.1973	15.12.1986	15.12.1986	26.07.2002
Qualification	B. A.	B. Sc.	B. Sc.	B. Com.
Expertise in specific functional areas	Manufacture and sale of Jewellery	Manufacture and sale/ export of Jewellery and diamonds identification	Manufacture and sale/ export of Jewellery	Reputed & experienced businessman & good exposure to import/ export business
Chairmanship/ Directorship held in other public companies	Nil	Nil	Nil	Nil
Membership held in Committees of such Boards of other public companies	Nil	Nil	Nil	Nil

Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956

Item Nos. 5 to 7

Based on the recommendation of the Remuneration Committee duly approved by a resolution passed at its meeting, the Board of Directors (Board) at its meeting held on 30th June, 2004 has reappointed Shri. Bimalchand Godha, Shri. Pradeep Godha and Shri. Anurag Godha as the Managing Director and Wholetime Directors(MD/WTDs) of the Company respectively upon the terms and conditions contained in the draft agreements proposed to be entered into by the Company with each of them, subject to the approval of the Company. The said agreements, inter alia, contain the following material terms and conditions :

Particulars	Shri. B. C. Godha	Shri. P. K. Godha Shri. A. K. Godha
Designation	Managing Director	Wholetime Director(s)
Period	01.10.2004 to 30.09.2009	01.10.2004 to 30.09.2009
Salary per month	Rs.1,00,000/-	Rs.90,000/- each.

Perquisites

- Free Furnished Housing accommodation or house rent allowance in lieu thereof together with furnishings, with gas, electricity, water, and other amenities; Reimbursement

of medical expenses incurred in India or abroad including hospitalization and surgical charges and travel expenses relating thereto and/or medical insurance, for self and family; Reimbursement of expenses on servants, mobile phone, telephone at residence, leave travel including foreign travel for self and family, fees of clubs, personal accident and life insurance premiums; Bonus, special allowance(s) and such other perquisites as may be determined by the Board of Directors from time to time in each of the cases restricted to and subject to the condition that overall remuneration payable in each of the cases shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.

- The following perquisites shall not be included in the computation of the ceiling on remuneration specified herein :
 - Contribution to Provident Fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - Gratuity which shall not exceed half a month's salary for each completed year of services, and
 - Encashment of leave at the end of the tenure.

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- Provision of car with driver for personal use as well as business of the Company, mobile phone and telephone at residence.
- Annual privilege leave to MD/WTDS: On full salary for a period of thirty days and shall be entitled to accumulate such leave.

Notice period

90 days in writing provided that the same may be waived mutually.

Salary payable to each of the said Directors shall be increased/ revised by Rs. 10000/- per month on completion of each 12 months period during the tenure of their offices as such. Further, the Board shall have power to revise the said remuneration, in all or any one cases, on completion of each 12 months period, so that increase in such remuneration for any such period shall not exceed 25% of the amount of such remuneration prevailing/ provided in the period immediately preceding the period for which such remuneration is fixed.

No sitting fee shall be payable for attending the meetings of the Board of Directors or Committee thereof to any of them.

The above Salary and perquisites/allowances shall be payable notwithstanding the inadequacy or no profits in any financial year during the tenure of their respective offices as such.

The terms and conditions of the said appointments and/or agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendment made hereafter in that regard.

The other terms and conditions of the agreements are such as are customarily contained in agreements of similar nature.

The said reappointments/agreements including the remuneration as aforesaid shall be subject to the approval of the Company and all such sanctions as may be necessary and shall be given effect to as per the modifications, if any, made/approved as aforesaid.

The above may also be treated as an abstract of the respective agreements to be entered into between the Company and the said Shri. Bimalchand Godha, Shri. Pradeep Godha and Shri. Anurag Godha pursuant to Section 302 of the Companies Act, 1956.

Disclosures in terms of para (B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 are as under :

(I) General Information : The Company is engaged in manufacture and export of jewellery from SEEPZ in Mumbai. The Company has been in operation since 1973 and commenced commercial production at new unit in July, 1995. The Company's financial performance has been by and large at par with the industry indicators. The Company has not made any foreign collaboration. The company has setup 100% subsidiary, namely, Shantivijay Jewels International Ltd. in Mauritius which in turn

has also setup 100% subsidiary, namely, Shantivijay Impex FZCO in Dubai, U.A.E. The company has foreign investments in its shares upto 2% by NRI's and foreign concern. The company has been mainly exporting its production from Seepz in Mumbai.

(II) Information about the Appointees : All the appointees are well experienced and with good standing in the business of jewellery manufacturing and exports. There are no specific recognition or awards to the appointees. All the appointees are ideally suitable for the Job profile required by the Company for the posts to which they are proposed to be reappointed as all of them have vast and industry specific experience and expertise. The remuneration proposed to be paid to all of them is set out herein above. Having regard to the size of the Company and its operations and nature of responsibility for each of the said posts and having regard to the integrity, expertise and experience of all the appointees, the remuneration proposed to be paid to them is comparable with the remuneration profile prevalent in the Industry. All the appointees are the promoters and key management personnel of the Company as aforesaid and are related to each other. Apart from this, there are no other pecuniary relationship directly or indirectly with the Company or its managerial personnel. Their **last drawn remunerations from the Company** as per the limits approved by the Company and revised by the Board of Directors from time to time within the powers granted by the Company are as under :

Particulars	Shri. B. C. Godha	Shri. P. K. Godha Shri. A. K. Godha
Designation	Managing Director	Wholetime Director(s)
Salary per month	Rs. 80,000/-	Rs. 70,000/-

Commission

Commission calculated @ 1% of net profit to each of them subject to ceiling of 100% of the amount of annual salary, as determined by the Board of Director to each of them.

Perquisites

- Housing accommodation or house rent allowance; Reimbursement of medical expenses and/or medical insurance for self and family; Leave Travel Concession for self and family once in a year; Reimbursement of fees of clubs; Personal accident and life insurance premiums; Bonus and such other perquisites as may be determined by the Board from time to time restricted to an amount equivalent to 90% of the annual salary payable in each of the cases.
- The following perquisites shall not be included in the computation of the ceiling on remuneration specified herein :
 - (i) Contribution to Provident Fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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- (ii) Gratuity which shall not exceed half a month's salary for each completed year of services, and
- (iii) Encashment of leave at the end of the tenure.
- (iv) Provision of car with driver for personal use as well as business of the Company and telephone at residence.
 - Annual privilege leave to MD/WTDS: On full salary for a period of thirty days and shall be entitled to accumulate such leave.
 - No sitting fee for attending the meetings of the Board of Directors or Committee thereof.

(III) Other Information/Disclosures :

The profits for the Company has been inadequate in terms of Schedule XIII to the Companies Act, 1956 as compared with the remuneration proposed to be paid as the industry and the Company has been facing recession during last few years and as fall out of September 11th crisis of USA. The Company had incurred loss in the year 2001-02, mainly due to bad debts write off. Since then the operations have improved due to constant efforts made by the said key management personnel by participating in international exhibitions and tapping and developing new export markets and catering to customer specific demands. The Company expects to make improvements in sales and profitability by 10% and 5% annually respectively barring any unforeseen circumstances. The details of remuneration package with all elements thereof are specified herein above. There are no severance fees payable to the appointees. There are no stock options proposed to be given by the Company to the appointees.

The draft agreements proposed to be entered into between the Company and Shri. Bimalchand Godha, Shri. Pradeep Godha and Shri. Anurag Godha are available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.

Your Directors recommend the passing of the said resolutions as special resolutions in view of the requirements of Schedule XIII to the Companies Act, 1956.

Shri. Bimalchand Godha, Shri. Pradeep Godha and Shri. Anurag Godha are interested in the resolutions pertaining to their respective reappointments as the Managing Director and the Wholtime Directors of the Company respectively.

Shri. Bimalchand Godha, Shri. Pradeep Godha and Shri. Anurag Godha, being related to each others, are also deemed to be interested or concerned in the resolutions pertaining to each others' respective reappointments as aforesaid.

Save and except as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the said resolutions.

Item No. 8

The Equity Shares of the Company are presently listed on The Stock Exchange, Mumbai (BSE), which provide nationwide trading facility, the Ahmedabad Stock Exchange (ASE) and the Delhi Stock Exchange Association Limited (DSE).

There has been hardly any trading volume on ASE and DSE in the Company's shares. The Company believes that no particular benefit is available to its shareholders by continuing the listing of the shares on ASE and DSE. Moreover, ASE and DSE do not provide any value added service to the Company or to the members. The Company is, therefore, contemplating delisting of its Equity shares from ASE and DSE.

Guidelines issued by Securities and Exchange Board of India (SEBI) for voluntary delisting of shares inter alia provides that exit opportunity need not be provided to the shareholders of the Company on delisting of its Equity shares from regional Stock Exchange, provided the shares of the Company are listed on the Stock Exchange providing nationwide trading facility i.e. BSE.

The proposed voluntary delisting of the Company's shares from ASE and DSE would result in savings on annual listing fees and reduce administrative work. The delisting will not adversely affect any investors including the shareholders located in the region where ASE and DSE are situated. Pursuant to the guidelines issued by SEBI on voluntary delisting by Companies of their securities from the Stock Exchanges, the shareholders' approval by way of a Special Resolution is necessary. The Directors thus recommend the passing of the Resolution proposed at Item No.8 of the Notice as special resolution.

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

Item No. 9

The Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Ahmedabad and Delhi. The equity Shares of the Company are hardly being traded on the said Exchanges with no corresponding benefits of liquidity being available to the shareholders in general. The promoters of the Company are holding 93.22 % shares consequent to Open Offer made by them vide Letter of Offer dated 10th February, 2003 under the then prevailing SEBI Guidelines on voluntary delisting. Open

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Offer was made and implemented with a view to give an exit opportunity to the existing shareholders and acquire the balance shares in the Company with a view to delist shares of the Company from all the stock exchanges where the shares of the Company are listed.

Subsequent to the issue of Letter of Offer the said SEBI Guidelines were amended by issuing new Guidelines on the subject. The new SEBI guidelines prescribed book building method which can be availed only by shareholders holding shares in demat form. The balance shares subsequent to the said open offer are held by very few shareholders and most of them are holding shares in physical form. SEBI has also proposed to amend the said guidelines which is expected to be issued very soon.

Members of the Company had earlier given their consent for voluntary delisting by passing special resolution at the extraordinary general meeting held on 25th May, 2003. Since more than 12 months have elapsed from the date of passing the said special resolution, it is considered appropriate to obtain fresh consent as per the draft special resolution set out in the Notice.

The proposed delisting shall be subject to the applicable laws, regulations and/or norms prescribed by appropriate authorities/bodies for voluntary delisting of shares. The delisting will take effect after all approvals/sanctions are received.

Your Directors commend the above resolution for your approval.

None of the Directors is, in any way, concerned or interested in the proposed resolution save and except as members/promoters of the Company.

Item No. 10

Under Section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the Registered Office of the Company may be kept at any other place if such other place has been approved by a special resolution passed by the Company in General Meeting.

The Company has changed and appointed M/s. Bigshare Services Private Limited at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072 as the new Registrar and Share Transfer Agents of the Company.

Accordingly, to facilitate administration, it is proposed to keep and maintain such documents at the office of the new Registrar and Share Transfer Agents as aforesaid instead of being kept at the Registered Office of the Company.

Your Directors thus recommend the passing of the draft resolution at Item No. 10 of the Notice as special resolution.

None of the Directors is, in any way, concerned or interested in the proposed resolution save and except as members of the Company.

Registered Office:
G-37, Gem & Jewellery Complex,
Building No.III, SEEPZ, Andheri(East),
Mumbai 400 096.
Dated 30th June, 2004

BY ORDER OF THE BOARD

Sd/-
BIMALCHAND GODHA
CHAIRMAN

SHANTIVIJAY JEWELS LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF
SHANTIVIJAY JEWELS LIMITED

Your Directors present their 31st Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2004

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2003 - 2004	2002 - 2003
Sales & Operating Income	4348.01	2967.84
Other Incomes	7.91	1.51
Total Income	4355.92	2969.35
Less:		
Operating costs	4120.58	2814.71
Interest	10.77	6.30
Depreciation	46.05	39.12
Operating Profit	178.52	109.22
Less : Bad Debts Written off	Nil	23.00
Wealth Tax	0.05	Nil
Deferred Tax Liability/(Assets)	1.77	(7.38)
Net Profit	176.70	93.60
Balance brought forward	93.60	Nil
	270.30	93.60
Appropriations :		
Transferred to General Reserve	17.67	Nil
Interim Dividend	75.05	Nil
Tax on Dividend	9.62	Nil
Profit & Loss Account Balance		
Carried to Balance Sheet	167.96	93.60

DIVIDEND: Your Company paid interim dividend of Rs.2.50 ps. @ 25% per equity share of Rs.10/- each amounting to Rs.75.05 lakhs. In view of this, your Directors do not recommend any further dividend for the year ended 31st March, 2004.

OPERATIONS: During the year under review, Sales have increased to Rs.4348.01 lakhs from Rs.2967.84 lakhs in the previous year. The Company has earned net profit of Rs. 176.70 lakhs against Rs.93.60 lakhs in the previous year. The Company has been making constant efforts to increase volumes by participating in exhibitions and exploring new export markets.

SUBSIDIARY COMPANIES: During the year under review, Shantivijay International Limited, Mauritius incorporated Shantivijay Impex FZCO, a wholly owned subsidiary at Dubai in UAE with a view to facilitate administration and avail other operational advantages. Consequently, it closed its operations which were being carried out through Sarjah branch.

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts of Shantivijay International

Limited, Mauritius and Shantivijay Impex FZCO, Dubai along with the reports of the Board of Directors and Auditors' Reports thereon for the financial year/period ended 31st March, 2004 are annexed.

DIRECTORS: In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Pradeep Godha and Shri. J. B. Shah retire by rotation and, being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE: Your Company has complied with the mandatory provisions of the Corporate Governance prescribed under the Listing Agreement with the Stock Exchanges. A separate Report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditor's Certificate.

MANAGEMENT DISCUSSION AND ANALYSIS: Management Discussion and Analysis Report prescribed under the Listing Agreement is included as a part of the Annual Report.

CHANGE OF SHARE TRANSFER AGENTS: During the year under review, the Company has changed its Share Transfer Agents by appointing M/s. Bigshare Services Private Limited at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072.

DISCLOSURE OF PARTICULARS: Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in the annexure to this Report.

There are no particulars to be disclosed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date.

DIRECTORS' RESPONSIBILITY STATEMENT: As required under Section 217 (2AA) of the Companies Act, 1956, we hereby state :

- That in the preparation of the annual accounts for the Year ended March 31, 2004 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in

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accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) That the Directors had prepared the annual accounts on a going concern basis.

AUDITORS: B. F. Chordia & Co., Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint Auditors and fix their remuneration.

ACKNOWLEDGEMENT: The Directors would like to place on record their appreciation for the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Bankers, Suppliers, Customers and Investors at large for their continuous support to the Company.

FOR AND ON BEHALF OF THE BOARD
Sd/-

Place : Mumbai
Dated : 30th June, 2004

BIMALCHAND GODHA
CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT

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

A. Conservation of Energy

As the Company is not covered in the list of industries required to furnish details in the Form 'A' relating to conservation of energy, the same is not given.

B. Technology Absorption

Research and Development (R&D)

- | | |
|--|---|
| 1. Specific areas in which (R&D) carried by the Company. | - Manufacture of jewellery as per international standard.
- Process Software development for avoiding human error.
- Conceptual designs.
- Improvement in process of gold/ platinum refining.
- Precision of manufacturing.
- Improved quality of production.
- Minimization of loss.
- Achieved consistency in production quality.
- Production with remarkable decrease in processing loss & better surface finish. |
| 2. Benefits derived as a result of the above R&D. | - 2. Benefits derived as a result of the above e.g. product improvement, cost reduction product development, import substitution etc. |
| 3. Future plan of action | - 3. Imported Technology. |
| 4. Expenditure on R & D | - Nil |

Technology Absorption, Adaptation and Innovation

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adoption and innovation | - The Company keeps itself abreast of the technical developments and innovation in Company's |
|---|--|

line of products world wide and tries to bring about improvements in the product for better yield, quality and cost effectiveness, etc.

- As a result of above, the following benefits are achieved :
- Cost Reduction.
- Achievement in precision & quality.
- Use of indigenous equipment as import substitute.
- The Company has not imported any technology.

C. Foreign Exchange Earnings and Outgo

	(Rs. in Lakhs)	
	2003-04	2002-03
Foreign Exchange earned	4288.87	2900.57
Foreign Exchange used :		
CIF value of Imports :		
-Raw materials	166.44	286.95
-Stores & consumable	25.19	24.89
-Fixed assets	NIL	NIL
-Finished Goods	88.84	72.08
Expenditure in foreign currency :		
-Travelling expenses	9.47	11.99
-Exhibition expenses	7.70	9.62
-Bank Charges	2.99	2.54
-Membership & Subscription	0.14	0.09
- Staff Training expenses	13.38	14.31
	314.15	422.47

FOR AND ON BEHALF OF THE BOARD

Sd/-

Place : Mumbai
Dated : 30th June, 2004

BIMALCHAND GODHA
CHAIRMAN