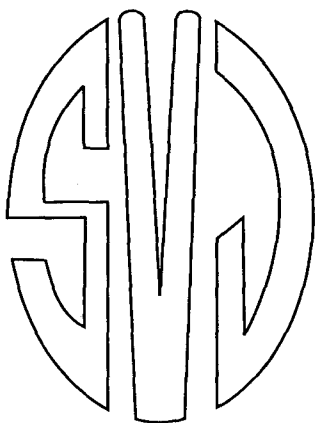




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Shantivijay Jewels Limited

ANNUAL REPORT 2006-2007



SHANTIVIJAY JEWELS LIMITED

BOARD OF DIRECTORS

BIMALCHAND GODHA

(Chairman & Managing Director)

JEFFREY K. STERN

SHAMBHUKUMAR S. KASLIWAL

JAYANT B. SHAH

APURVA R. SHAH

TUSHAR A. MAVANI (w.e.f. 30.06.2006)

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 Hilton 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.

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SHANTIVIJAY JEWELS LIMITED**NOTICE**

NOTICE is hereby given that the 34th 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, 28th August, 2007 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, 2007 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors, thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri. Tushar Mavani, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Pradeep Godha, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. 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 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force) as also provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended (the "SEBI Guidelines") and any other applicable law or laws, rules, regulations, guidelines, schemes and clarifications (including any amendments thereto or re-enactment thereof for the time being in force) and enabling provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange where the equity shares of the Company are listed and subject to such approvals, permissions, consents and sanctions as may be necessary of Government of India ("GOI"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), Registrar of Companies ("ROC") and all other appropriate authorities, within or outside India, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "Board") which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent and approval of the Company be and is hereby accorded to the Board to issue, in the course of domestic/ follow on/international offerings or qualified institutional placement to Domestic/Foreign Investors/Institutional Investors/Foreign Institutional Investors, Qualified Institutional Buyers within the meaning of Chapter XIII A of the SEBI Guidelines, Members, Employees, Non-Resident Indians, Companies or Bodies Corporate whether incorporated in India or abroad, Trusts, Mutual Funds, Banks/ Financial Institutions, Insurance Companies, Pension Funds, Individuals or otherwise, whether members of the Company or not, through a public issue, a qualified institutional

placement (QIP) within in the meaning of Chapter XIII A of the SEBI Guidelines, preferential issue and/or any other kind of public issue or private placement, with or without over allotment / green shoe option, in one or more tranche(s), equity shares or any securities other than warrants which are convertible into or exchangeable with equity shares including Global Depository Receipts/Shares ("GDRs") and/ or American Depositary Receipts/ Shares ("ADRs") and/or Foreign Currency Convertible Bonds ("FCCBs") and/or Convertible Bonds/Debentures and/or Euro-Convertible Bonds and/or Preference Shares whether Cumulative/Redeemable/ Partly Convertible/Convertible and/or Securities Partly or Fully Convertible into Equity Shares and/or Securities linked to Equity Shares and/or any instruments or Securities or such other types of Securities representing either Equity Shares or Convertible Securities, (hereinafter collectively referred to as "Securities") whether rupee denominated or denominated in foreign currency, listed on any stock exchange inside India or any stock Exchange outside India, through an offer document and/or prospectus and/or offer letter and/or offering circular or through any other mode, on such terms and conditions including pricing, the form and the investor(s) to whom such Securities may be issued and all matters connected therewith as the Board may in its sole and absolute discretion deem fit or decide."

RESOLVED FURTHER THAT the total amount raised through the aforesaid issue or offer of Securities should not, together with the over-allotment option, if any, result in issue of further shares exceeding 29.98 lakhs equity shares of Rs.10/- each.

RESOLVED FURTHER THAT in case of qualified institutional placement of Securities within the meaning of Chapter XIII A of the SEBI Guidelines, the total amount raised in such manner should not, together with the over-allotment option exceed five times the net worth of the Company as per audited balance sheet of the previous financial year.

RESOLVED FURTHER THAT the Securities issued may be redeemed and/or converted and/or exchanged, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals, in a manner as may be provided in terms of their issue.

RESOLVED FURTHER THAT the pricing of the Securities and the pricing of any equity shares issued upon conversion of the Securities shall be in accordance with all applicable laws and regulations, including, if applicable, with the QIP Guidelines issued by the SEBI.

RESOLVED FURTHER THAT if the allotment of Securities shall be to QIBs in accordance with the Qualified Institutional Placement in accordance with the Chapter XIII A of the SEBI Guidelines, such Securities shall be fully paid up and the allotment of such Securities shall be completed within 12 months from the date of this resolution.

RESOLVED FURTHER THAT the relevant date for the determination of the pricing of the equity shares/securities convertible into equity shares, that may be issued upon conversion or exchange of the Securities under the applicable SEBI guidelines is 29th July, 2007 i.e. the 30th day prior to the date of this Annual General Meeting.

RESOLVED FURTHER THAT :

- (i) the equity shares to be issued and allotted shall be subject to the provisions of the memorandum and Articles of Association of the Company; and

- (ii) the underlying equity shares unless otherwise stated, shall rank *pari passu* with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, in consultation with the Lead Managers, Merchant bankers, Advisors, Underwriters and/or other persons appointed for this purpose, be and is hereby authorized to determine the form, terms and timing of the offering(s) including the investors to whom the Securities are to be allotted, number of Securities to be allotted in each tranche, issue price, face value, number of equity shares or other securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion or variation of the price or period of conversion or listings on one or more Stock Exchanges in India and/or outside India and related or incidental matters, as the Board in its sole and absolute discretion deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to do all acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in regard to any such issue, offer or allotment of Securities, utilization of the issue proceeds and in complying with any Regulations, as it may in its sole and absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

RESOLVED FURTHER THAT such of these Securities as are not subscribed may be disposed off by the Board in its absolute discretion in such manner as it may deem fit and as permissible by law.

RESOLVED FURTHER THAT the Securities, if any, issued in foreign markets shall be deemed to have been made abroad and/or in the market and/or at the place of issue of the Securities in the international market and may be governed by applicable foreign laws.

RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint Lead Managers, Book-runners, Underwriters, Listing Agents, Trustees, Bankers, Guarantors, Custodians Depositories, Registrars, Legal Counsels, Advisors, and all such other Agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memorandum, documents etc., as may be necessary, with such agencies and also to file any registration statement and any other document and any amendment thereto with any relevant authority for Securities listing and trading, to seek the listing of such Securities on one or more National or International Stock Exchange(s).

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the abovementioned securities to be issued, by the creation of mortgage and/or charge on all or any of the Company's immovable and/or moveable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT the issue to the holders of the Securities of the equity shares underlying the Securities shall be, *inter alia*, subject to the following terms and conditions:

- (i) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the equity shares, the number of equity shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium shall stand reduced pro tanto;
- (ii) in the event of the Company making a rights offer by issue of equity shares prior to the allotment of equity shares, the entitlement to the equity shares will stand increased in the same proportion as that of the rights offer and such additional equity shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and
- (iii) in the event of sub-division of shares, merger, amalgamation, takeover or any other re-organisation, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any Executive Director(s) or any other Officer(s) of the Company to give effect to the aforesaid Resolution."

7. 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 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Smt. Sudha Godha holding and continuing to hold an Office of Profit as Marketing Executive under the Company from 1st October, 2006 on a gross remuneration not exceeding Rs.2,00,000/- per annum inclusive of perquisites/allowances as are normally provided by the Company as may be determined by the Board of Directors and/or the Chairman from time to time with power to make annual increments up to 25% every year."

8. 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 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Smt. Namita Godha holding and continuing to hold an Office of Profit as Marketing Executive under the Company from 1st October, 2006 on a gross remuneration not exceeding Rs.2,00,000/- per annum inclusive of perquisites/allowances as are normally provided by the Company as may be determined by the Board of Directors and/or the Chairman from time to time with power to make annual increments up to 25% every year."

BY ORDER OF THE BOARD

Sd/-
BIMALCHAND GODHA
CHAIRMAN

Registered Office:

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

Dated: 29th June, 2007

SHANTIVIJAY JEWELS LIMITED**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 is annexed hereto and forms part of the Notice.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.
4. The Share Transfer Books and the Register of Members of the Company shall be closed from **Wednesday, 22nd August, 2007 to Tuesday, 28th August, 2007** (both days inclusive).
5. **The members are requested to note :**
 - (i) **Change of Address /Bank details :** Members holding shares in physical form are requested to inform M/s. Bigshare Services Private Limited, immediately of any change in their address and bank details. 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.
 - (ii) **Registrar and Share Transfer Agents :** M/s. Bigshare Services Private Limited at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072, are Share Transfer Agents of the Company and the members are requested to send/address all their shares related matters/correspondence directly to them.
 - (iii) Corporate members are requested to send a duly certified copy of the board resolution authorising their representatives to attend and vote at the AGM.
 - (iv) **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.
 - (v) Section 109A of the Companies Act, 1956 provides for **Nomination** by the shareholders of the Company in the prescribed Form No. 2B for shares held in physical form. Bank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
 - (vi) Queries on accounts may please be sent to the Company 10 days in advance of the Annual general Meeting so that the answers may be made available at the meeting.
6. Brief resumes of Directors seeking re-election /re-appointment are as under:

Name of the Director	Shri. Tushar Mavani	Shri. Pradeep Godha
Age	41 years	46 years
Date of Appointment	30.06.2006	15.12.1986
Qualification	B.Com., L.L.B.	B.Sc.
Expertise in specific functional areas	Mr. Tushar Mavani is partner of M/s. Mulla & Mulla and Craigie Blunt & Caroe, Advocates & Solicitors since 1st April 2001 and has been in practice since 1991.	Manufacture and sale/export of Jewellery and diamonds identification
Chairmanship/ Directorship held in other public companies	Director in : Kotak Mahindra Trustee Co. Limited	Nil
Membership held in Committees of such Boards of other public companies	Member in : Shareholders Grievances & Remuneration Committee of the Company	Nil

EXPLANATORY STATEMENT

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

Item No. 6

To augment long term funds to finance expansions, capital expenditure and long term working capital requirement for expansion of the existing business being planned and further to capture emerging business opportunities for growth, the Company has been considering to raise funds by issue of appropriate Securities.

Towards this an enabling resolution is proposed at Item No. 6 of the Notice to enable the Board to consider issue of appropriate Securities from amongst those described in the said resolution at appropriate time(s). These funds may be raised in one or more tranches/stages from time to time and could be raised either from domestic and/or international markets taking into account the costs and other related conditionality.

The proposed Special Resolution gives adequate flexibility in respect of working out the modalities of such issue as also to issue such securities /instruments in such tranche(s) at such time(s) and such price(s) as the Board may in its absolute discretion deem fit subject to the applicable laws, regulations and guidelines.

Under the provisions of Section 81 of the Companies Act, 1956 and the Listing Agreements executed by the Company with the Bombay Stock Exchange Ltd., the said offer of shares and/or Securities convertible into Shares to be issued by the Company would require consent of the Equity Shareholders by way of Special Resolution. The Special Resolution, if passed, will have effect of allowing the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company. In the circumstances, the approval of the shareholders is being sought for issuing the shares/securities in terms of the Resolution.

Further, the said securities may be secured by way of mortgage of the Company's assets or in any other manner in favour of the security holders. As the documents to be executed between the security holders and the Company may contain, as per normal practice, the power to take over management of the Company in certain events of default, it is necessary for the Company to obtain shareholders' approval through resolution under Section 293(1)(a) of the Act, before creation of the said mortgage.

Your Directors believe that such issue would be in the interest of the Company and therefore recommend the said Resolution for your approval as such.

None of the Directors of the Company is, in any way, concerned or interested in this resolution save and except that the Directors may be deemed to be concerned or interested in the resolution to the extent of securities that may be offered/allotted to them and/or their relatives and/or concerns, if any, controlled by them.

Item Nos. 7 and 8

Smt. Sudha Godha and Smt. Namita Godha have been holding office of profit under the Company as Marketing executives. Both are well experienced in the field of marketing of jewellery items. Both are also related to the promoter Directors of the Company. On account of annual increment, their monthly remuneration may increase beyond Rs.10,000/- per month.

Under the provision of Section 314(1) of the Companies Act, 1956, consent of the Company by way of special resolution is necessary for a relative of a Director to hold and continuing to hold an office of profit under the Company carrying a monthly remuneration of Rs.10,000/- or more.

In view of the business expediency, administrative convenience and to ensure due compliance of the applicable law, it is proposed to obtain consent of the Company as such for the payment of remuneration in the manner set out in the draft resolutions proposed at Item Nos. 7 and 8 of the Notice.

Yours Directors recommend the said resolutions for your approval.

Shri. Bimalchand Godha, Shri Pradeep Godha and Shri Anurag Godha are interested in the said resolutions as they are related. None of the other Directors is, in any way, concerned or interested in the said resolutions.

BY ORDER OF THE BOARD

Sd/-
BIMALCHAND GODHA
CHAIRMAN

Registered Office:

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

Dated: 29th June, 2007

FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take informed decisions. This Report and other statements made by us contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using appropriate words. We cannot guarantee that those forward looking statements will be realised, although we believe, we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Hence actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward looking statements, whether as a result or new information, future events or otherwise.

SHANTIVIJAY JEWELS LIMITED**DIRECTORS' REPORT**

TO THE MEMBERS OF SHANTIVIJAY JEWELS LIMITED

Your Directors present their 34th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2007**FINANCIAL RESULTS**

(Rs. in Lakhs)

Particulars	Stand alone for the Company		Consolidated	
	2006-07	2005-06	2006-07	2005-06
Sales & Operating Income	5579.94	5398.38	6772.57	5820.30
Other Income	47.64	43.38	49.33	98.44
Total Income	5627.58	5441.76	6821.90	5918.74
Less : Operating costs	5396.66	5184.70	6499.11	5572.08
Depreciation	40.21	56.41	41.68	57.01
Operating Profit	190.71	200.65	281.11	289.65
Less : Interest	62.41	40.19	62.41	40.19
Extra-ordinary Items	3.66	37.37	3.66	37.37
Profit Before Tax	124.64	123.09	215.04	212.09
Less : Provision for Taxation				
- Current	15.51	54.59	15.51	54.59
- Fringe Benfit Tax	1.86	2.82	1.86	2.82
- Deferred	1.95	(28.08)	1.95	(28.08)
Profit After Tax	105.32	93.76	195.72	182.76
Add : Surplus broght forward	191.72	283.11	497.27	499.66
Profit available for appropriation	297.04	376.87	692.99	682.42
Appropriations :				
Transferred to General Reserve	8.00	14.00	8.00	14.00
Proposed Dividend	60.04	—	60.04	—
Interim Dividend	—	150.10	—	150.10
Tax on Dividend	10.20	21.05	10.20	21.05
Balance carried to Balance Sheet	218.80	191.72	614.75	497.27
Earning Per Share (Rs.)	3.51	3.12	6.52	6.09

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2/- per share (20%) (Previous year : Rs. 5/- per share (50%) Interim). Dividend, if declared, at the ending Annual General Meeting will absorb Rs.60.04 Lakhs (Previous Year Rs. 150.10 lakhs).

OPERATIONS

During the year under review, Sales & Operating Income have increased to Rs.5579.94 lakhs from Rs. 5398.38 lakhs in the previous year, registering an increase of 3.36%. Consolidated Sales & operating Income have registered an increase of 16.36%. Operating Profits have been Rs. 190.71 lakhs against Rs. 200.65 lakhs in the previous year. Net Profit has been Rs.105.32 lakhs as against Rs. 93.76 lakhs in the previous year, an increase of 12.33%.

Brand Initiative – "GIOVANCE " : The Company's quality and designs are already well recognized and amongst the

best available in the international market. Hence, the Company had decided to take brand initiative to achieve growth in volume and profitability. Last year, *Giovance* was registered as trade mark in India. *Giovance* is now registered as trade mark in Japan as well. The Company would be taking steps to register *Giovance* trade mark in USA, UK and European countries.

Expansion Initiative – Local Markets : With a view to further capitalize on its core competence and well perceived quality and designs of the jewellery made by the Company, the Company is considering to establish a unit outside SEEPZ area to exploit increasing growth potential in domestic market.

Expansion Initiative – International Markets : The Company has procured allotment of unit in SEEPZ in June, 2007 which would be used to set up facilities to boost export sales.

Equity Stake in Chinese Concern : The Company has already been sourcing part of its requirements from China to meet

growing market demand and make its product more competitive. With a view to further improve its competitiveness, the Company would also consider taking equity stake in Chinese concern.

Raising of Funds : The Company is also considering to raise funds by issue of further shares and / or other securities as may be possible in the best interest of the Company and subject to and in due compliance of all applicable approvals, rules, regulations and laws to meet its requirements of funds for expansion of its facilities in and outside SEEPZ area to meet international as well as domestic market requirements. Towards this, necessary enabling resolutions are being proposed to be passed at the ensuing Annual general Meeting.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts of wholly owned subsidiary of the Company, namely, Shantivijay International Limited, Mauritius, and its wholly owned subsidiaries, namely, Shantivijay Impex FZCO, Dubai, U.A.E. and Shantivijay Impex DMCC along with the reports of the Board of Directors and Auditors' Reports thereon for the financial year ended 31st March, 2007 are annexed.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Tushar Mavani and Shri. Pradeep Godha retire by rotation and, being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

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.

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 :

- (i) That in the preparation of the annual accounts for the Year ended March 31, 2007 the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) 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;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in 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

Place : Mumbai
Dated : 29th June, 2007

Sd/-
BIMALCHAND GODHA
CHAIRMAN

SHANTIVIJAY JEWELS LIMITED**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) | <ul style="list-style-type: none"> - Manufacture of jewellery as per carried by the Company. international standard. - Process Software development for avoiding human error. - Conceptual designs. - Improvement in process of gold/platinum refining. |
| 2. Benefits derived as a result of the above R&D | <ul style="list-style-type: none"> - 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. |
| 3. Future plan of action | <ul style="list-style-type: none"> - Import of equipments, instruments etc. for further improvement in production as well as quality control. |
| 4. Expenditure on R & D | <ul style="list-style-type: none"> - Nil |

Technology Absorption, Adaptation and Innovation

- | | |
|---|--|
| 1. Efforts, in brief, made towards technology absorption, adoption and innovation | <ul style="list-style-type: none"> - 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. |
|---|--|

- | | |
|---|---|
| 2. Benefits derived as a result of the above e.g. product improvement, cost reduction product development, import substitution etc. | <ul style="list-style-type: none"> - As a result of above, the following benefits are achieved :
Cost Reduction.
Achievement in precision & quality.
Use of indigenous equipment as import substitute. |
| 3. Imported Technology. | <ul style="list-style-type: none"> - The Company has not imported any technology. |

C. Foreign Exchange Earnings and Outgo

(Rs. in Lakhs)

	<u>2006-07</u>	<u>2005-06</u>
Foreign Exchange earned	<u>5172.86</u>	<u>4946.38</u>
Foreign Exchange used :		
CIF value of Imports :		
- Raw materials	152.53	193.09
- Stores & consumable including spares	16.00	13.82
- Fixed Assets	0.00	2.26
- Finished Goods	99.53	120.20
Expenditure in foreign currency :		
- Travelling expenses	9.81	9.54
- Exhibition expenses	7.34	10.97
- Bank Charges	0.59	1.44
- Membership & Subscription	0.04	0.04
- Staff Training expenses	0.00	18.65
- Sales Commission	24.70	34.94
- Dividend (proposed)	1.19	2.98
	<u>311.73</u>	<u>407.93</u>

FOR AND ON BEHALF OF THE BOARD

Sd/-

Place : Mumbai
Dated : 29th June, 2007

BIMALCHAND GODHA
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

Your Company has complied in all material respects with the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchange. A Report on the Corporate Governance compliance is furnished below :

(1) Company's Philosophy on Corporate Governance

Good Corporate Governance helps enhancement of long term shareholder value and interest of other stakeholders. This is achieved through increased awareness for responsibility, transparency and professionalism and focus on effective control and management of the organization. The Board of Directors of the Company is committed to the consistent adherence to the corporate governance code and constant review of the Board processes, practices and the Management systems to maintain a greater degree of responsibility and accountability.

Mandatory Requirements :

(2) Board of Directors

The constitution of the Board and other relevant details are given below :

During the year ended 31.03.2007, the Board consisted of 8 Directors, out of which 5(five) Directors were non-executive and 3(three) Directors were independent Directors. The Composition of the Board of Directors was thus in line with the stipulated requirements. Except Managing Director, the other Directors retire by rotation.

(3) Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The terms of reference inter alia include overseeing financial reporting process, reviewing periodic financial results, financial statements, internal control and internal audit systems, accounting policies and practices, related party transactions, performance of internal and statutory auditors, adequacy of internal audit function, discussions with internal and statutory auditors.

During the year 2006-07, four Audit Committee meetings were held on 30.06.2006, 28.07.2006, 30.10.2006 and 25.01.2007.

The composition of the Audit Committee and other relevant details are given below :

Name of Director	Category	Profession	No. of meetings attended
Shri. S. S. Kasliwal, Chairman *	Independent	Industrialist	3
Shri. Rajendar J. Shah, Chairman **	Independent	Chartered Accountant	Nil
Shri. B. C. Godha	Executive	Industrialist	4
Shri. Apurva Shah	Independent	Chartered Accountant	4
Shri. J. B. Shah	Independent	Business	2

* appointed Chairman on 30.06.2006 ** expired on 25.04.2006

Name of Director(s)	Category	No. of other directorship *	No. of Committee membership in all companies		No. of Board Meetings attended	Attendance at last AGM
			Chairman	Member		
Shri. Bimalchand G. Godha	Chairman & Managing Director	Nil	1	Nil	5	Yes
Shri. Shambhukumar Kasliwal	Independent	4	2	Nil	4	Yes
Shri. Rajendra J. Shah #	Independent	5	4	3	Nil	No
Shri Pradeep B. Godha	Whole-time Director	Nil	Nil	1	5	No
Shri Anurag B. Godha	Whole-time Director	Nil	Nil	1	5	Yes
Shri Apurva R. Shah	Independent	6	1 (alternate)	5	5	No
Shri. Jayant B. Shah	Independent	1	Nil	2	2	No
Mr. Jeffrey K. Stern	Non-Executive	Nil	Nil	Nil	Nil	No
Shri. Tushar Mavani **	Independent	1	1	1	4	No

* This excludes directorships held in private limited and overseas companies.

expired on 25.04.2006 ** appointed to fill casual vacancy on 30.06.2006

Board meetings : During the year 2006-07, five meetings were held on 15.04.2006, 30.06.2006, 28.07.2006, 30.10.2006 and 25.01.2007. The last Annual General Meeting (AGM) was held on 23.09.2006.