

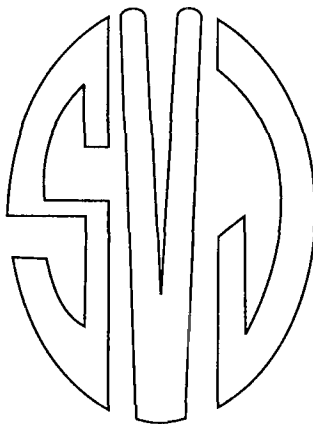


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Shantivijay Jewels Limited

ANNUAL REPORT 2007-2008

Shantivijay Jewels Limited
W. E. S. S.



Report

SHANTIVIJAY JEWELS LIMITED

BOARD OF DIRECTORS

BIMALCHAND GODHA

(Chairman & Managing Director) (upto 30.11.2007)

PRADEEP GODHA

(Chairman & Managing Director) (w.e.f. 29.01.2008)

ANURAG GODHA

(Vice Chairman & Managing Director) (w.e.f. 29.01.2008)

JEFFREY K. STERN

INDEPENDENT DIRECTORS

SHAMBHUKUMAR S. KASLIWAL

JAYANT B. SHAH

APURVA R. SHAH

TUSHAR A. MAVANI

REGISTERED OFFICE / WORKS

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

CORPORATE 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 35th Annual General Meeting of the Members of SHANTIVIJAY JEWELS LIMITED will be held at the Registered Office at G-37, Gem & Jewellery Complex, Building No. III, SEEPZ, Andheri (East), Mumbai 400 096 on **Saturday, 30th August, 2008 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, 2008 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. Jayant B. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Apurva R. 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. Pradeep Godha, Chairman as the Managing Director of the Company for a period of three years with effect from 1st September, 2008 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.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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. Anurag Godha, Vice Chairman as the Managing Director of the Company for a period of three years with effect from 1st September, 2008 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.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this 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 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 Bombay Stock Exchange Ltd. 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 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 Depository 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, regulations and guidelines 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 31st July, 2008 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.,

SHANTIVIJAY JEWELS LIMITED

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."

BY ORDER OF THE BOARD

Sd/-

PRADEEP GODHA
CHAIRMAN &
MANAGING DIRECTOR

Registered Office:

G-37, Gem & Jewellery Complex,
Building No.III, SEEPZ, Andheri(East),
Mumbai 400 096.
Dated : 24th July, 2008

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 **Tuesday, 26th August, 2008 to Saturday, 30th August, 2008** (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. Jayant B. Shah	Shri. Apurva R. Shah
Age	60	38 years
Date of Appointment	26.07.2002	26.07.2002
Qualification	B. Com.	Chartered Accountant, Cost and Works Accountant and a graduate from the London School of Economics and Political Sciences with a distinction in International Accounting and Finance. He was a rank holder in the Chartered Accountancy Examinations with an award for the highest distinction in Financial Accounting and in Direct Tax Laws.
Expertise in specific functional areas	Reputed & experienced businessman & good exposure to import/export business	He is a partner in well known firm of Chartered Accountants - Rajendra & Co. He has over the years developed expertise in areas such as Direct Taxation, Foreign Exchange Management Law, Financial Management and Business Restructuring and in Accounting.
Chairmanship/ Directorship held in other public companies	Nil	Director in : Acrysil Ltd. Asian Star Company Ltd . Fine Line Circuits Ltd. Rightangles.com India Ltd. Steelcast Ltd. G Jewelcraft Limited
Membership held in Committees of such Boards of other public companies	Nil	Member in : Audit Committee and Shareholders Grievances Committee of Asian Star Company Ltd Audit Committee and Remuneration Committee of Acrysil Ltd. Fine Line Circuits Ltd. Steelcast Ltd.

SHANTIVIJAY JEWELS LIMITED**EXPLANATORY STATEMENT****Explanatory Statement Pursuant to Section 173(2) of the Companies Act 1956****Item Nos. 5 and 6**

Shri. Pradeep Godha and Shri. Anurag Godha have been the Wholtime Directors of the Company and their last reappointment as such was made with effect from 1st September, 2004 for a period of five years. The Board of Directors had re-designated Shri Pradeep Godha as the Chairman and Managing Director and Shri Anurag Godha as the Vice Chairman and Managing Director of the Company from 29th January, 2008 subsequent to sad demise of Shri. Bimalchandji Godha, Chairman and Managing Director of the Company on 30.11.2007.

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 26th June, 2008 has reappointed Shri. Pradeep Godha and Shri. Anurag Godha as the Managing Directors 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, interalia, contain the following material terms and conditions :

Particulars	Shri. Pradeep Godha	Shri. Anurag Godha
Designation	Managing Director	Managing Director
Period	01.09.2008 to 31.08.2011	01.09.2008 to 31.08.2011
Salary per month	Rs.1,75,000/-	Rs.1,75,000/-

- **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 allowances 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 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 :
 - (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.

(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.

- 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 MDs: 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.

The Board shall have power to revise the Salary/Perquisites, 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. 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 SEEPZ unit in June, 1994. 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 set up 100% subsidiary, namely, Shantivijay Jewels International Ltd. in Mauritius which in turn has also set up 100% subsidiary, namely, Shantivijay Impex FZCO and Shantivijay Impex DMCC (under incorporation) in UAE. The Company has foreign investment in its shares up to 2% by Non-resident and NRIs. The Company has been mainly exporting its production from Seepz in Mumbai.

(II) **Information about the Appointees :** Both 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. Both 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 both 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 both the appointees, the remuneration proposed to be paid to them is comparable with the remuneration profile prevalent in the Industry. Both 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 duly revised from time to time within the powers granted by the Company have been as under :

Particulars	Shri. Pradeep Godha	Shri. Anurag Godha
Designation	Managing Director	Managing Director
Salary per month	Rs.1,10,000/-	Rs.1,10,000/-

Perquisites : same as aforesaid. Annual privilege leave: On full salary for a period of thirty days with right to accumulate such leave. No sitting fee for attending the meetings of the Board of Directors or Committee thereof.

(III) **Other Information/Disclosures :** The Company has improved its performance during last few years in spite of recessionary conditions prevalent in the industry worldwide. Constant efforts are made by the said key management personnel to boost exports and expand market base for the Company. 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. 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 by way of special resolution in view of the requirements of Schedule XIII to the Companies Act, 1956.

Shri. Pradeep Godha and Shri. Anurag Godha, being related, are interested in the resolutions pertaining to their reappointments as the Managing Directors of the Company. None of the other Directors is, in any way, concerned or interested in the said resolutions.

Item No. 7

To augment long terms 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. 8 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.

BY ORDER OF THE BOARD

Sd/-

PRADEEP GODHA
CHAIRMAN &
MANAGING DIRECTOR

Registered Office:

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

Dated 24th July, 2008

SHANTIVIJAY JEWELS LIMITED**DIRECTORS' REPORT**

TO THE MEMBERS OF SHANTIVIJAY JEWELS LIMITED

Your Directors present their 35th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2008

TRIBUTE TO THE FOUNDER – SHRI BIMALCHANDJI GODHA

With deep sense of mourning, your Directors record sad demise of Shri. Bimalchandji Godha, Founder Chairman and Managing Director of the Company on 30th November, 2007. Your Directors pay their homage to the departed soul and pray God to bequeath eternal peace to the departed soul.

We further record our sincere appreciation of his invaluable and Founder's contribution to the growth and nurturing of the Company to its present status, his discipline, value and ethics based principles in managing the business of the Company, his approach to maintain transparency and follow good corporate governance practices in managing the Company and above all, his contribution as a Friend, Philosopher and Guide to all of us which shall always be memorable to all of us and will always be a divine source of inspiration for all time to come.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	Stand alone for the Company		Consolidated	
	2007-08	2006-07	2007-08	2006-07
Sales & Operating Income	5981.25	5577.40	7230.44	6770.03
Other Income	53.33	48.60	57.09	50.30
Total Income	6034.58	5626.00	7287.53	6820.33
Less : Operating costs	5782.14	5395.09	6908.90	6497.55
Depreciation	37.35	40.21	38.81	41.68
Operating Profit	215.09	190.70	339.82	281.10
Less : Interest	51.93	62.40	51.93	62.40
Extra-ordinary Items	—	3.66	—	3.66
Profit Before Tax	163.16	124.64	287.89	215.04
Less Provision for Taxation				
– Current	60.35	15.51	60.35	15.51
– Fringe Benefit Tax	1.95	1.86	1.95	1.86
– Deferred	(1.83)	1.95	(1.83)	1.95
Profit After Tax	102.69	105.32	227.42	195.72
Add : Surplus brought forward	218.80	191.72	614.75	497.27
Profit available for appropriation	321.49	297.04	842.17	692.99
Appropriations :				
Transferred to General Reserve	—	8.00	—	8.00
Proposed Dividend	—	60.04	—	60.04
Tax on Dividend	—	10.20	—	10.20
Balance carried to Balance Sheet	321.49	218.80	842.17	614.75
Earning Per Share	3.42	3.51	7.58	6.52

DIVIDEND

With a view to conserve resources for expansion, your Directors have not recommended any dividend for the year under review.

OPERATIONS

During the year under review, Sales & Operating Income have increased to Rs.5981.25 lakhs from Rs. 5577.40 lakhs in the previous year, registering an increase of

7.24%. Consolidated Sales & operating Income have registered an increase of 6.80%. Operating Profits have been Rs.215.09 lakhs as against Rs. 190.70 lakhs in the previous year. Net Profit has been Rs.102.69 lakhs as against Rs.105.32 lakhs in the previous year. The Company has sustained its performance in spite adverse market conditions.

The Company is negotiating to acquire assets of a jewellery manufacturing unit in Germany. This acquisition may be made by 100% owned step-down subsidiary which may be formed through Shantivijay International Ltd., Mauritius, a wholly owned subsidiary of the Company. This acquisition would afford better access to the Company Products in European markets and, in turn, drive volume growth.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts of Shantivijay Jewels International Limited, Mauritius, 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, 2008 are annexed.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Jayant B. Shah and Shri. Apurva R. Shah retire by rotation and, being eligible, offer themselves for reappointment.

Shri. Pradeep Godha, Chairman and Shri. Anurag Godha, Vice Chairman are reappointed Managing Directors of the Company on revised terms with effect from 1st September, 2008 subject to requisite approval of the members.

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, 2008 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

Sd/-

PRADEEP GODHA
CHAIRMAN &
MANAGING DIRECTOR

Place : Mumbai

Dated: 24th July, 2008