

## SHANTIVIJAY JEWELS LIMITED

### BOARD OF DIRECTORS

#### **PRADEEP KUMAR GODHA**

*(Chairman & Managing Director)*

#### **ANURAG GODHA**

*(Vice Chairman & Managing Director)*

#### **JEFFREY K. STERN**

#### **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.

### 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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### NOTICE

NOTICE is hereby given that the 36<sup>th</sup> 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 **Friday, 21st August, 2009 at 3.00 P.M.** to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 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. Shambhukumar S. Kasliwal, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Anurag Godha, 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 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 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 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 22<sup>nd</sup> July, 2009 i.e. the 30<sup>th</sup> 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."

BY ORDER OF THE BOARD  
Sd/-

PRADEEP KUMAR GODHA  
CHAIRMAN & MANAGING DIRECTOR

**Registered Office:**

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

Dated : 27<sup>th</sup> June, 2009

**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. 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.
3. The Share Transfer Books and the Register of Members of the Company shall be closed from **Tuesday, 18th August, 2009 to Friday, 21st August, 2009** (both days inclusive).

**4. 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.

*Our Registrar & Transfer Agent M/s. Bigshare Services Private Limited recently launched Gen-Next Investor Module i'Boss the most advanced tool to interact with shareholders. Please login into i'Boss ([www.bigshareonline.com](http://www.bigshareonline.com)) and help us to serve you better.*

- (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.

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

<b>Name of the Director</b>	<b>Shri. Shambhukmar S. Kasliwal</b>	<b>Shri. Anurag Godha</b>
Age	79 years	48 years
Date of Appointment	25.04.2003	15.12.1986
Qualification	Industrialist and Founder Director of S Kumar Group of Companies.	B. Sc. He has vast experience and expertise in jewellery industry. He has been wholtime Director of the Company for decades. He is a man of business and commercial acumen.
Expertise and experience in specific functional areas	He is actively involved in groups' main business i.e. textiles. He is active member and President of Rotary Club of South Mumbai. He has also been making contributions to various religious and educational institutions.	He has excellent experience and exposure to jewellery manufacturing operations and international markets
Chairmanship/ Directorship held in other public companies (excluding foreign) Companies	Director in : Shree Ram Urban Infrastructures Ltd., Chairman S Kumars Ltd. S Kumar Enterprises (Synfab) Ltd.	Director in : Shantivijay Jewels International Ltd., Mauritius Shantivijay Impex FZCO, Dubai, UAE Shantivijay Impex, DMCC, Dubai, UAE
Membership/Chairmanships of committees across public companies	Member in : Audit Committee of the Company	Member in : Shareholders' Grievances Committee of the Company

## EXPLANATORY STATEMENT

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

#### Item No. 5

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. 5 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 KUMAR GODHA  
CHAIRMAN & MANAGING DIRECTOR

#### Registered Office:

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

Dated : 27<sup>th</sup> June, 2009

**DIRECTORS' REPORT**

TO THE MEMBERS OF SHANTIVIJAY JEWELS LIMITED

Your Directors present their 36<sup>th</sup> Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009

**FINANCIAL RESULTS**

(Rs. in Lakhs)

Particulars	Stand alone for the Company		Consolidated	
	2008-09	2007-08	2008-09	2007-08
Sales & Operating Income	<b>5474.78</b>	5981.25	<b>7233.94</b>	7230.44
Other Income	<b>53.39</b>	53.33	<b>53.39</b>	57.09
<b>Total Income</b>	<b>5528.17</b>	6034.58	<b>7287.33</b>	7287.53
Less : Operating costs	<b>5215.68</b>	5782.14	<b>6897.45</b>	6908.9
Depreciation	<b>35.25</b>	37.35	<b>35.64</b>	38.81
<b>Operating Profit</b>	<b>277.24</b>	215.09	<b>354.24</b>	339.82
Less : Interest	<b>72.52</b>	51.93	<b>72.52</b>	51.93
Extra-ordinary Items	—	—	—	—
<b>Profit Before Tax</b>	<b>204.72</b>	163.16	<b>281.72</b>	287.89
Less Provision for Taxation				
– Current	<b>74.01</b>	60.35	<b>74.01</b>	60.35
– Fringe Benefit Tax	<b>2.04</b>	1.95	<b>2.04</b>	1.95
– Deferred	<b>(1.7)</b>	(1.83)	<b>(1.7)</b>	(1.83)
<b>Profit After Tax</b>	<b>130.37</b>	102.69	<b>207.37</b>	227.42
Add : Surplus brought forward	<b>321.49</b>	218.8	<b>842.17</b>	614.75
<b>Profit available for appropriation</b>	<b>451.86</b>	321.49	<b>1049.54</b>	842.17
<b>Appropriations :</b>				
Transferred to General Reserve	—	—	—	—
Proposed Dividend	—	—	—	—
Tax on Dividend	—	—	—	—
<b>Balance carried to Balance Sheet</b>	<b>451.86</b>	321.49	<b>1049.54</b>	842.17
<b>Earning Per Share</b>	<b>4.34</b>	3.42	<b>6.91</b>	7.58

**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 was Rs.5474.78 lakhs from Rs.5981.25 lakhs in the previous year. Consolidated Sales & operating Income have been sustained with marginal increase. Operating Profits have been Rs.277.24 lakhs against Rs. 215.09 lakhs in the previous year. Net Profit has been Rs.130.37 lakhs as against Rs.102.69 lakhs in the previous year with increase of about 27%. The Company has sustained its performance with increase in profitability in spite of Global slow down mainly on account of better sales efforts and well acceptance of quality products offered by the Company and controlled costs.

Process for proposed acquisition of assets of a jewellery manufacturing unit in Germany through 100% owned step-down subsidiary has been slow down due to global recession.

**SUBSIDIARY COMPANIES**

As required under Section 212 of the Companies Act, 1956, the audited statements of accounts of Shantivijay 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, 2009 are annexed.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Shambhukumar S. Kasliwal and Shri. Anurag Godha retires

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, 2009 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 KUMAR GODHA  
CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai

Dated: 27<sup>th</sup> June, 2009

**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.
2. Benefits derived as a result of the above R&D.
  - 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
  - Import of equipments, instruments etc. for further improvement in production as well as quality control.
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.

2. Benefits derived as a result of the above e.g. product improvement, cost reduction product development, import substitution etc.
  - 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.
  - The Company has not imported any technology.

**C. Foreign Exchange Earnings and Outgo**

	(Rs. in Lakhs)	
	<b>2008-09</b>	2007-08
Foreign Exchange earned	<b><u>5133.04</u></b>	<u>5437.83</u>
Foreign Exchange used :		
CIF value of Imports :		
- Raw materials	<b>226.34</b>	172.02
- Stores & consumable including spares	<b>19.24</b>	11.14
- Finished Goods	<b>189.23</b>	267.99
- Fixed Assets	<b>0.00</b>	20.99
Expenditure in foreign currency :		
- Travelling expenses	<b>14.00</b>	8.58
- Exhibition expenses & advance	<b>10.91</b>	9.63
- Bank Charges	<b>0.91</b>	0.59
- Membership & Subscription	<b>0.04</b>	0.04
- Sales Commission	<b>19.64</b>	14.76
	<b><u>480.31</u></b>	<u>505.74</u>

**FOR AND ON BEHALF OF THE BOARD**

Sd/-

**PRADEEP KUMAR GODHA  
CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai  
Dated: 27<sup>th</sup> June, 2009



## 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 details of composition of the Board of Directors, which is in line with the stipulated requirements, and other relevant details are given below.

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 Pradeep Kumar Godha	Chairman & Managing Director	Nil	Nil	1	5	Yes
Shri Anurag Godha	Vice-Chairman & Managing Director	Nil	Nil	1	4	Yes
Shri. Shambhukumar Kasliwal	Independent	3	1	Nil	5	Yes
Shri Apurva R. Shah	Independent	6	1	5	5	No
Shri. Jayant B. Shah	Independent	Nil	Nil	1	2	No
Shri. Tushar Mavani	Independent	1	1	Nil	5	No
Mr. Jeffrey K. Stern	Non-Executive	Nil	Nil	Nil	Nil	No

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

\*\* includes Audit Committee & Shareholders' Grievance Committee only.

**Board meetings :** During the year 2008-09, five meetings were held on 28.05.2008, 26.06.2008, 24.07.2008, 24.10.2008 and 24.01.2009. The last Annual General Meeting (AGM) was held on 30.08.2008.

### (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 2008-09, four Audit Committee meetings were held on 26.06.2008, 24.07.2008, 24.10.2008 and 24.01.2009.

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	4
Shri. Apurva Shah	Independent	Chartered Accountant	4
Shri. J. B. Shah	Independent	Business	2

**(4) Shareholders' Grievance Committee**

Terms of Reference of the Committee inter alia cover review /redressal of status of investor' complaints/grievances, review of performance of the Registrar & Share Transfer Agent and also to direct measures for improvements in investor services. During the year 2008-09, no Committee meeting was held since only two complaints were received and resolved in the year. The composition of the Shareholders' Grievance Committee and other relevant details are given below :

Name of Director	Category
Shri. Tushar Mavani, Chairman	Independent
Shri. Pradeep Kumar Godha	Executive
Shri. Anurag Godha	Executive

**Shareholders' Complaints :** Complaint received and resolved during the year was 2(Two). No complaints were pending at the beginning or end of the financial year.

Number of pending share transfers as on 31.03.2009 was NIL. No request for dematerialisation was pending for approval as on 31.03.2009.

**Name & Designation of Compliance Officer :**

Shri. Pradeep Kumar Godha, Chairman and Managing Director.

**(5) Remuneration of Directors**

The Remuneration payable to the Directors is considered and approved by the Remuneration Committee constituted in accordance with the Corporate Governance Code and the provisions of the Companies Act, 1956, having due regard to the relevant factors. Non-executive Directors are paid Sitting fees at the rate of Rs.5000/- for each of the meetings of the Board or Committee thereof attended by them. The details of remuneration paid / payable to each Director for the year ended 31.03.2009 are as under:

(Figures in Rs.)

Name of Director(s)	Inter se Relation	Sitting Fees	Salary	Perquisites/ Allowances	Total
Shri Pradeep Godha	Brother of Anurag Godha	Nil	17,75,000	1,24,492	18,99,492
Shri Anurag Godha	Brother of Pradeep Godha	Nil	17,75,000	2,23,199	19,98,199
Shri.Shambhukumar Kasiwal	Nil	50000	Nil	Nil	50000
Shri Apurva R. Shah	Nil	50000	Nil	Nil	50000
Shri. Jayant B. Shah	Nil	25000	Nil	Nil	25000
Shri. Tushar Mavani	Nil	30000	Nil	Nil	30000
Mr. Jeffrey K. Stern	Nil	Nil	Nil	Nil	Nil

All executive Directors are reappointed under contracts each for a period of three year with effect from 01.09.2008 and with termination notice period of 90 days. All the executive Directors shall be entitled to compensation for loss of office

in accordance with and subject to the provisions of the Companies Act, 1956 in case their offices are terminated before expiration and shall not have any other claim for damages against the Company. None of the Directors have been issued or entitled to any stock options.

The Non-executive Directors, apart from receiving Directors' remuneration by way of sitting fees, approved by the Board of Directors within the limit fixed and approved by the shareholders, do not have any other material pecuniary relationship or transactions with the Company. None of the non-executive Directors hold any shares in the Company.

**(6) General Body Meetings**

Details of last three Annual General Meetings are as under :

Year	Day, Date & Time	Venue	Special Resolutions passed for
2006	Saturday, 23.09.2006 at 10.00 a.m.	G-37, Gem & Jewellery Complex, Building No. III, SEEPZ, Andheri (East), Mumbai 400 096	- Approval for increase of authorised share capital and consequent amendment of Memorandum & Articles of Association - Approval for issue of further shares/securities u/s 81(1A)
2007	Tuesday, 28.08.2007 at 10.00 a.m.	-Do-	- Approval for issue of further shares/securities u/s 81(1A) - Approval to hold office of profit u/s 314(1)
2008	Saturday, 30.08.2008 at 10.00 a.m.	-Do-	- Approval of reappointment of Shri Pradeep Godha as Managing Director for three years w.e.f. 01.09.2008 - Approval of reappointment of Shri Anurag Godha as Managing Director for three years w.e.f. 01.09.2008 - Approval for issue of further shares/securities u/s 81(1A)

During the last year, the Company has not conducted any Postal Ballot .

**(7) Disclosures**

**(a)** The Code of Conduct for the Directors and the senior management of the Company has been laid down by the Board. The Code has been posted on the website of the Company. All the Board members and senior management of the Company have affirmed compliance with the Code of Conduct. A declaration to this effect, duly signed by the Managing Director is annexed hereto.

**(b)** The Company has continued to comply with the requirements of Stock Exchange, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the said authorities relating to the above.

(c) Transactions with related party are disclosed in the schedule 'N' - Notes to Accounts to the Annual Accounts in the Annual Report. There have been no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

**(8) Means of Communication**

The quarterly results were published in Free Press Journal (English Newspaper) and Navshakti (Marathi Newspaper).

These results, official news releases are available on the website of the Bombay Stock Exchange Ltd. ([www.bseindia.com](http://www.bseindia.com)) and the website of Securities and Exchange Board of India (SEBI) on ([www.sebiedifار.nic.in](http://www.sebiedifار.nic.in))

All data required to be filed electronically pursuant to Clause 51 of the Listing Agreement with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on corporate governance are being regularly filed on the EDIFAR website viz. [www.sebiedifار.nic.in](http://www.sebiedifار.nic.in) in addition to the filing of the same with the stock exchanges.

**(9) General Shareholders Information**

**1. 36<sup>th</sup> Annual General Meeting – Day, Date, Time and Venue**

Day	Date	Time	Venue
Friday	21.08.2009	3.00 p.m.	G-37, Gems & Jewellery Complex, Building No. 3, SEEPZ, Andheri (East), Mumbai – 400 096

**2. Financial Calendar**

<b>Financial Year</b>	1st April to 31st March
<b>Adoption of Quarterly Results</b>	3 <sup>rd</sup> or 4 <sup>th</sup> week of the month following each calendar quarter
<b>Dates of Book Closure (Both days inclusive)</b>	18.08.2009 to 21.08.2009 (both days inclusive)

**3. Listing & Liquidity on Stock Exchanges:** Bombay Stock Exchange Ltd. Stock Code : 530989 (included under 'S' category)

**Listing fees :** The Company confirms that it has paid the annual listing fee to the Bombay Stock Exchange Ltd. where the shares of the Company are listed.

**Dematerialisation status :** Equity Shares of the Company are traded compulsorily in dematerialized form and available for trading in the depository systems of both NSDL and CDSL. Security Code No. with NSDL and CDSL is - ISIN INE 656D01015. As on 31st March, 2009, 24,22,881 Equity Shares representing 80.71 % of the Paid-up Share Capital of the Company is held in dematerialized form.

**4. Share Transfer Agents & Address for correspondence :**  
**M/s Bigshare Services Private Limited**  
**E-2 & 3, Ansa Industrial Estate, Sakinaka,**  
**Andheri(E), Mumbai 400 072**

The shareholders are requested to address all their communications/ suggestions/ grievances/ queries to the Share Transfer Agents at the above address.

**5. Compliance Officer : Shri. Pradeep Kumar Godha,**  
 Chairman & Managing Director  
 G-37, Gem & Jewellery Complex,  
 Building No. III, SEEPZ,  
 Andheri (East), Mumbai 400 096  
 Tel.: 28292749 /28290006  
 E-mail :  
 shantivijay@shantivijay.com

In accordance with the Clause 47(f) of the Listing agreement, the Company has created a specific **investor grievance e-mail ID : investors@shantivijay.com**

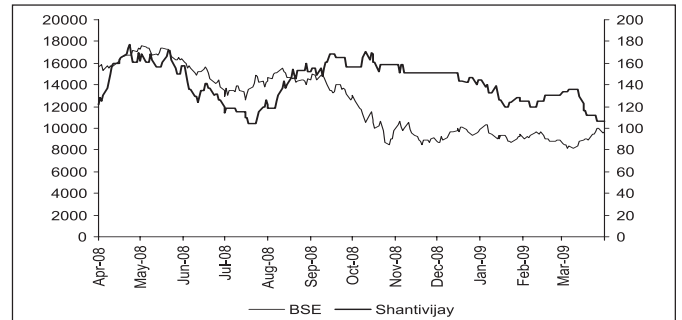
**6. Share Transfer System :**

To expedite the transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises of Shri. Pradeep Godha and Shri. Anurag Godha. Committee meets every fortnightly for approval of the transfer request, if any.

Reports on Share Transfer/transmission are placed before the Shareholders' Grievances Committee and the Board from time to time.

**7. Market Price Data:**

Month	Bombay Stock Exchange		
	High(Rs.)	Low(Rs.)	Volume
April 2008	177.00	120.00	5132
May 2008	175.90	143.55	1255
June 2008	150.00	119.95	1480
July 2008	126.00	99.35	310
August 2008	160.00	115.25	1015
September 2008	168.75	148.20	681
October 2008	179.55	151.10	46
November 2008	159.00	150.60	24
December 2008	147.25	135.95	39
January 2009	145.00	113.50	496
February 2009	133.75	119.35	170
March 2009	136.00	106.50	232



## SHANTIVIJAY JEWELS LIMITED

### 8. Shareholding Pattern as on 31.03.2009

Category	No. of Shares	%
Promoters - Indian	2794846	93.10
Non-promoters :		
Bodies Corporate	5401	0.18
NRIs/OCBs	819	0.03
Public	141334	4.70
Foreign National	59600	1.99
<b>Total</b>	<b>3002000</b>	<b>100.00</b>

### Distribution of Shareholding as on 31.03.2009

No. of Shares	Shareholders		Shares	
	Number	%	Number	%
1-500	584	89.57	57464	1.91
501-1000	27	4.14	20435	0.68
1001-2000	14	2.15	21289	0.71
2001-3000	3	0.46	8389	0.28
3001-4000	4	0.61	13941	0.46
4001-5000	2	0.31	8941	0.30
5001-10000	3	0.46	20646	0.69
10001-99999999	15	2.30	2850895	94.97
<b>TOTAL</b>	<b>652</b>	<b>100.00</b>	<b>3002000</b>	<b>100.00</b>

9. Registered Office and Plant location : G-37, Gems & Jewellery Complex, Building No. III, SEEPZ, Andheri (East), Mumbai – 400 096.

### 10. Outstanding Convertible Instruments

There are no outstanding convertible instruments. Convertible into in to equity shares.

### 11. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by Shri. Pradeep Godha Chairman & Managing Director (CEO) and Shri. Anurag Godha, Vice Chairman & Managing Director (CFO) was placed at the meeting of the Board of Directors held on 27.06.2009.

### Non-Mandatory Requirements

#### Remuneration Committee

The Remuneration Committee comprised of Shri. Shambhukumar Kasliwal, Chairman of the Committee, Shri. Tushar Mavani, Shri. Apurva Shah and Shri. Jayant Shah all of which are independent Directors. One Remuneration Committee meeting was held on 26.06.2008 which was attended by all the members. Terms of Reference of this Committee include mandate to review and recommend/ approve remuneration payable to the Managerial Personnel.

### CEO's Certification

All the Directors and the Senior Management Personnel have affirmed compliance of the Code of Conduct laid down by the Board of Directors in terms of Clause 49 of the Listing Agreement made with the Stock Exchange.

Place: Mumbai.

Dated : 27<sup>th</sup> June, 2009

BY ORDER OF THE BOARD

Sd/-

PRADEEP KUMAR GODHA  
CHAIRMAN & MANAGING DIRECTOR

### Auditors' Certificate on Corporate Governance

To the Members of  
Shantivijay Jewels Limited  
Mumbai

We have examined the compliance of conditions of corporate governance by Shantivijay Jewels Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has taken steps to comply with the conditions of Corporate

Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained for/by the Shareholders/Investors Grievance Committee.

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

For **B.F. CHORDIA & CO.**  
Chartered Accountants

Sd/-

**(B.F. Chordia)**  
Proprietor

Place: Mumbai.

Date: June 27, 2009.

## Management Discussion and Analysis Report

### Economic Overview

In spite of general slowdown and lower GDP growth for India compared to previous years, the fundamentals of the Indian economy remain intact with possibility of relatively faster recovery compared to other countries. Present scenario although not very encouraging will certainly change over next couple of years due to strong domestic demand and Government public spending. All these factors impact demand for jewellery world over and in India. These macro economic developments do impact future prospects for the Company.

### Industry Structure and Developments

Over the last five years the development of the jewellery industry has really accelerated both in terms of quality of the products and the expansion in terms of sheer size. The Special Economic Zone, SEEPZ in Mumbai, in which the modern jewellery industry first took root, is the world's largest single concentration of jewellery manufacturing units. Today, the success of the SEEPZ units is being replicated by units across the country whether within or outside of Export Processing and Special Economic Zones.

India in many ways is the most complete jewellery centre in the world. The easy availability of the entire range of diamond and coloured gemstones, and a competitively priced, yet highly skilled workforce are two obvious factors in its favour. Over and above that, unlike other major jewellery manufacturers which specialise in a certain type of products, India is the centre with an amazing range of capabilities. It offers everything from hand made to machine made, diamond studded to coloured stone studded jewellery in gold, silver and platinum.

During the year 2008-09, the Indian Gem and Jewellery industry has been affected due to global recession. However, India is one of the fastest growing jewellery markets domestically. With the economic growth, there is a growing consuming class, and the development of an entirely new retail environment with malls, shopping centres and sleek retail outlets. Number of jewellery brands have increased in the domestic market during the last few years, though they still represent very marginal per cent of the total diamond jewellery market.

In the jewellery segment India has not only begun to stand up and be counted, but is showing every sign of becoming a significant force as well. In the future India is well poised to emerge as the epicenter of the global gems and jewellery industry. Further, China's acceptance of World Trade Organization (WTO) membership has opened up opportunities for foreign participation in its jewellery market. The Chinese market is also seen as a source where manufacturing activities are being conducted. However it is also important to note that China has restrictions in the form of Foreign Currency Controls.

### Financial and Operational Performance

The Company has made Sales of Rs.5474.78 lakhs as compared to Rs.5981.25 lakhs in the previous year. Consolidated Sales have been Rs.7233.94 lakhs as against Rs.7230.44 lakhs in the previous year. Operating Profit has been Rs.277.24 lakhs as against Rs. 215.09 lakhs in the previous year. Net Profit has

been Rs.130.37 lakhs as against Rs. 102.69 lakhs in the previous year. The Company has sustained its performance with increase in profitability in spite of Global slow down mainly on account of better sales efforts and well acceptance of quality products offered by the Company and controlled costs.

Proposed acquisition of assets of a jewellery manufacturing unit in Germany through 100% owned step-down subsidiary was put on hold due to Global slow down. The Company would reconsider expansion opportunity at appropriate time.

### Segment-Wise Performance

The Company is engaged in the Gems & Jewellery business, which as per Accounting Standard AS-17 can be considered as the single reportable business segment. Geographically, the Segment Reporting is as under :

	Rs. in Lakhs
<b>EXPORTS to :</b>	
U.S.A.	2092.69
EUROPE	1667.31
MIDDLE EAST	882.56
OTHERS	507.14
<b>LOCAL SALES</b>	<b>184.70</b>
<b>Total</b>	<b>5334.40</b>

### Opportunities

The Company on account of its unit located in Special Economic Zone is aptly placed to exploit the opportunities arising on account of the locational advantage and incentives and favourable policy measures being taken by the Government from time to time to boost exports of Gem and Jewellery.

The Company has a wholly owned subsidiary company in Mauritius which has already established wholly owned subsidiary Shantivijay Impex FZCO at Dubai and Shantivijay Impex DMCC under incorporation in UAE to better tap demand from local customers and increasing number of visitors to Duty free shopping zones and world tourist traffic. This subsidiary also source its requirements from China which affords more competitiveness and benefits of operational leverage.

**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 all applicable 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.

### Threats

The Company is exposed to this risk in exchange rate fluctuations as the Company is dependent on exports sales. However, the Company closely monitors and takes appropriate steps to reduce such risks with the help of expert and professional advices in this regard.

Competition would also grow which threat is countered by better quality and designs, branding, sourcing from cheaper markets like China, catering to changing customer demands/styles and cost control measures.

Increasing prices of raw materials can affect the profit margins. However, the Company thrives on improved production efficiency to counter this risk as far as possible.

### **Risk & Concern**

Since the Company is essentially engaged in the business of export of jewellery, the Company is exposed to national and international political and economical events and uncertainties. Further, rising interest rates can also increase finance cost for the Company on account of volume growth and expansion.

### **Internal Control Systems and their Adequacy**

The Company has appropriate and adequate Internal control System commensurate with its size and nature of business to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly complying with the applicable statutes. Financials and related aspects are reviewed by the Audit Committee with a view to achieve optimum resource utilization, veracity of accounts and compliance with various statutes.

### **Human Resource Development and Research Activities**

The Company has well experienced, creative, talented and motivated staff to cater to the business demands in terms of better designs, quality and precision in manufacture with minimum possible loss and consistency to meet international standards. The Company focuses on development of employees'

skill at all levels and supports them with safe, pollution free and favourable working conditions.

Constant efforts are made to upgrade processes by devising appropriate software for avoiding human error, to make conceptual designs and improvement in process of gold/platinum refining to meet changing international standards/demands. As a result, the Company has been successful in sustaining its exports to the already developed markets and look forward towards developing new markets for sustained growth.

### **Outlook**

Going forward, the Company expects good potentials for growth domestically as well as internationally. The Company is looking at expansion by acquisition of assets overseas which can help access to markets with better margins. The Company expects to further consolidate and sustain growth by winning the end consumer loyalty.

### **Cautionary Statement**

Certain Statements in the "Management Discussion and Analysis" describing the Company's initiatives, expectations and estimates regarding future performance may be "forward looking statements". However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those that may be indicated in such statements.

**AUDITORS' REPORT****To the Members of Shantivijay Jewels Limited**

1. We have audited the attached Balance Sheet of Shantivijay Jewels Limited as at March 31, 2009 and related Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
- c. The Balance Sheet and Profit and loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, Balance sheet and Profit & Loss A/c and cash flow statement dealt with by this report comply with applicable Accounting Standards referred to in section 211-(3) (C) of the Companies Act 1956.
- e. Based on the representations made by all the Directors of the Company as on March 31, 2009 and taken on record by the Board of Directors of the Company and in accordance with the information and explanations as made available, the Directors of the Company do not, prima facie, have any disqualification as referred to in Clause (g) of subsection (1) of Section 274 of the Act on the said date.
- f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the Notes thereon and attached thereto give in the prescribed manner the information required by the 'Act' and also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009;
  - (ii) In the case of the Profit and Loss Account of the profit for the year ended on that date and
  - (iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **B.F. CHORDIA & CO.**  
Chartered Accountants

Sd/-

**B.F. Chordia**  
Proprietor  
(M.No.9026)

Place: Mumbai  
Dated: 27th June 2009

## ANNEXURE TO AUDITORS REPORT

Referred to in Paragraph No.3 of our report of even dated.

### 1. In respect of its fixed assets:

- i) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed Assets on the basis of available information.
- ii) As explained to us, the management during the year has physically verified the fixed assets. No material discrepancies were noticed on such physical verification.
- iii) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.

### 2. In respect of its inventories:

- i) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- ii) In our opinion and according to the information and explanations given to us, The procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
- iii) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.

### 3. In respect of loans, secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- i) According to information & explanations given to us during the year the company has not granted any loans, secured/unsecured to the Companies, Firms & other parties covered by section 301 of the Companies Act 1956.
- ii) During the year Company had not taken any fresh loans from such parties, maximum amount involved and year end balance of loans taken

from such parties was 11.62 lacs.

- iii) Loan is unsecured & free of interest. In our opinion and according to the information and explanations given to us, terms & conditions are not prima facie prejudicial to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal control system.
5. In respect of transaction covered under Section 301 of the Companies Act, 1956:
  - i) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been so entered in the register required to be maintained under that section.
  - ii) According to the information and explanations given to us, during the year company has not entered into any such contracts.
6. During the year company have not accepted any fresh deposits from the public except transfer of unsecured interest free advance from the director to the shareholder which is in compliance with Provisions of Section 58A, 58AA or any other relevant provisions of the Act. No order has been passed by CLB, National law tribunal or RBI or any other court or Tribunal.
7. In our opinion, according to the information & explanations given to us the internal audit system of the Company is commensurate with its size and nature of its business.
8. Maintenance of cost records has not been prescribed by Central Govt. U/S 209(1) of the Companies Act, 1956.
9. In respect of statutory dues:
  - i) According to the information and explanations given to us and books & records produced & examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor



Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.

- ii) According to the information and explanations given to us, The disputed statutory dues aggregating to Rs.250.24 lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Sr.	Name of the Statute	Nature of the dues	Forum where dispute is Pending	Amount (Rs. in Lacs)
1	Indian Income Tax Act 1961.	Income Tax A.Y.1999-2000 A.Y 2000-2001 A.Y 2003-2004 A.Y 2004-2005 A.Y 2005-2006	Income Tax CIT (Appeals) CIT (Appeals) CIT (Appeals) CIT (Appeals) CIT (Appeals)	12.32 31.94 53.92 123.13 24.32
2	Bombay Sales Tax Act.	Sales Tax 1991-1992	Asst. Commissioner of Sales Tax Appeals	0.85
3	Customs excise & Service Tax Act	Custom Duty	Custom & Service tax Appellate Tribunal	4.51

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to Bank.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, clause 4 (xiii) of the Companies (Auditors Report) Order 2003 is not applicable to the Company.
14. During the year Company has not dealt or traded in Shares, Securities, Debentures and other Investments.
15. According to information and explanations given to us, Company has not given any guarantee for loans taken by others from any bank or financial institute.
16. Based on examination of the records and information and explanations given to us, no term loans have been obtained by the Company.
17. According to the information and explanations given to us and on the basis of records examined by us & as represented to us by management, on over all basis, funds raised on short term basis have, Prima facie, not been used during the year for long term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, which have been relied upon by us, we report that during the year no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B.F. CHORDIA & CO.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor  
(M.No.9026)

Place: Mumbai  
Dated: 27th June 2009

**SHANTIVIJAY JEWELS LIMITED**

**BALANCE SHEET AS ON 31ST MARCH, 2009**

	SCHEDULES	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SHARE HOLDERS FUND</b>			
Share Capital	A	30020000	30020000
Reserve & Surplus	B	221023757	207986050
<b>LOANS FUNDS</b>			
Secured Loans	C	119612114	108286013
Unsecured Loan		1162350	1162350
		<u>371818221</u>	<u>347454413</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	62985119	62304142
Less : Depreciation		<u>39769091</u>	<u>36244323</u>
		23216028	26059819
<b>INVESTMENTS</b>			
	E	19185385	19185385
<b>DEFERRED TAX ASSET</b>			
		2590000	2420000
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
Inventories	F	138941071	156099476
Debtors		113768614	117974122
Cash & Bank Balances		27011050	3487982
Loans & advances		<u>54775343</u>	<u>47499704</u>
		334496078	325061284
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	7030954	25045083
Provisions		<u>638316</u>	<u>226992</u>
<b>NET CURRENT ASSETS</b>		<u>326826808</u>	<u>299789209</u>
<b>TOTAL</b>		<u>371818221</u>	<u>347454413</u>
<b>NOTES TO THE ACCOUNTS</b>			
	N		

AS PER OUR ATTACHED REPORT

**B. F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B. F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

For **SHANTIVIJAY JEWELS LTD.**

**P. K. GODHA** (Chairman & M.D)  
**A. K. GODHA** (Vice Chairman & M.D)

Sd/-  
Directors

**S. S. KASLIWAL**

**A. R. SHAH**

**J. B. SHAH**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENED 31ST MARCH, 2009**

SCHEDULES	For the year ended 31.03.2009 (Rupees)	For the year ended 31.03.2008 (Rupees)
<b>INCOME</b>		
Sales & Operating Income	H 547478664	598125612
Other income	I 5338800	5332754
<b>TOTAL</b>	<b>552817464</b>	<b>603458366</b>
<b>EXPENDITURE</b>		
Materials	J 446229298	527579703
Increase/Decrease in the Stock	K 15126507	(7647854)
Manufacturing /Administrative/ Selling & Distribution expenses	L 60212353	58281996
Interest (Net)	M 7252312	5193465
Depreciation	3524768	3734660
<b>TOTAL</b>	<b>532345238</b>	<b>587141970</b>
<b>Net Profit for the Year (Before Taxation)</b>	<b>20472226</b>	<b>16316396</b>
Add : Deferred Tax Asset	170000	183000
Less : Provision for Taxation	7400825	6035615
Less : Provision for Fringe benefit Tax	203694	194905
Add : Profit Brought/Forward	32148878	21880002
<b>Profit Carried to Balance Sheet</b>	<b>45186585</b>	<b>32148878</b>
Earning per share (Basic & Diluted) (Equity Share of Rs.10/- each)	4.34	3.42

**NOTES TO THE ACCOUNTS**

N

(I) Indicates Deduction

AS PER OUR ATTACHED REPORT

**B. F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B. F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

For **SHANTIVIJAY JEWELS LTD.****P.K. GODHA** (Chairman & M.D)**A.K.GODHA** (Vice Chairman & M.D)

Sd/-  
Directors

**S. S. KASLIWAL****A. R. SHAH****J. B. SHAH**

**SHANTIVIJAY JEWELS LIMITED**

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS**

	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
6000000 Equity Shares of Rs 10/- each	<u>60000000</u>	<u>60000000</u>
<b>Issued</b>		
3002000 Equity shares of Rs.10 each	<u>30020000</u>	<u>30020000</u>
<b>Subscribed &amp; Paid Up</b>		
3002000 Equity Shares of Rs 10/- each fully paid. (Out of the above 700000 fully paid equity shares were issued as Bonus Shares by Capitalisation of General Reserves.)	<u>30020000</u>	<u>30020000</u>
<b>TOTAL</b>	<u><u>30020000</u></u>	<u><u>30020000</u></u>

**SCHEDULE 'B'**  
**RESERVE AND SURPLUS**

Share premium	46797952	46797952
Capital Reserve	20055422	20055422
General Reserve Balance	108983798	108983798
Profit & Loss Account	45186585	32148878
<b>TOTAL</b>	<u><u>221023757</u></u>	<u><u>207986050</u></u>

**SCHEDULE 'C'**  
**SECURED LOANS FROM BANK**

<b>PACKING CREDIT</b>	101948422	93262677
<b>DISCOUNTED BILLS</b>	17663692	15023336
(Against hypothecation of stocks, collaterally secured by hypothecation of Book debts & Machinery and Negative Lien of Immovable property of Precious Gems P ltd and Rajrani Godha, personally guaranteed by some of the directors & their relatives.)		
<b>TOTAL</b>	<u><u>119612114</u></u>	<u><u>108286013</u></u>

**SCHEDULE 'D'**  
**FIXED ASSETS**

(FIGURES IN RUPEES)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AT COST ON 1.4.2008	ADDITIONS DURING THE YEAR	SALE/ TRANSFER	TOTAL	UPTO 1.4.2008	FOR THE YEAR 31.03.2009	ADJ. ON SALE/ TRANSFER	UPTO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
Building	29602180	0	0	29602180	15049553	1455263		16504816	13097364	14552627
Plant & Machinery	18508186	89200	0	18597386	11802584	942400	0	12744984	5852402	6705602
Elec. Installation	1236778	54038	0	1290816	854478	57747	0	912225	378591	382300
Motor Vehicles	4873418	43500	0	4916918	2852070	533015	0	3385085	1531833	2021348
Office Equipments	5707740	276360	0	5984100	4120270	362689	0	4482959	1501141	1587470
Furniture & Fixtures	2375840	217879	0	2593719	1565369	173654	0	1739022	854697	810471
<b>TOTAL</b>	62304142	680977	0	62985119	36244324	3524768	0	39769091	23216028	26059818
Previous Year	59478797	2825345	0	62304142	32509663	3734660	0	36244323	26059819	26969134

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

<b>SCHEDULE 'E'</b>	<b>As at 31.03.2009 (Rupees)</b>	<b>As at 31.03.2008 (Rupees)</b>
<b>INVESTMENTS</b>		
<b>QUOTED, NON-TRADING LONG TERM, At COST</b>		
300 Fully paid Equity shares of Rs10/- each of Gujarat Flurochemicals Ltd.	32475	32475
4100 Fully paid Equity shares of Rs.35/- each of Canara Bank	<u>143500</u>	<u>143500</u>
	<b>175975</b>	<b>175975</b>
(Market Value Rs. 6.91 Lacs, Previous Year Rs. 9.78 Lacs)		
<b>UNQUOTED IN WHOLLY OWNED SUBSIDIARY COMPANIES</b>		
450250 fully paid Equity shares of US \$ 1 each in Shantivijay Jewels International Ltd., Mauritius.	<b>18826410</b>	<b>18826410</b>
183000 Fully paid Equity shares of Rs.10/- each of German Garden Ltd. Less : Provision for Dimunition in the value	<u>2021613</u> <u>1838613</u>	<u>2021613</u> <u>1838613</u>
	<b>183000</b>	<b>183000</b>
<b>TOTAL</b>	<u><b>19185385</b></u>	<u><b>19185385</b></u>
<b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b> (As taken, valued & certified by Directors)		
Raw Materials	<b>104556437</b>	<b>108184415</b>
Finished Goods	<b>31733475</b>	<b>45193847</b>
Stores & Spares	<b>2651159</b>	<b>2721214</b>
<b>TOTAL</b>	<u><b>138941071</b></u>	<u><b>156099476</b></u>
<b>SUNDRY DEBTORS</b> (Unsecured, considered good)		
Due for less than 6 months	<b>81916097</b>	<b>116244950</b>
Due for more than 6 months (Including Rs.36.26 Lacs due from Shantivijay Impex, subsidiary of wholly owned subsidiary Pr. year Rs. 176.64 lacs)	<b>31852517</b>	<b>1729172</b>
	<u><b>113768614</b></u>	<u><b>117974122</b></u>
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	<b>203889</b>	<b>555325</b>
<b>Balance with scheduled banks</b>		
In current A/C	<b>2766631</b>	<b>1831295</b>
In fixed deposit A/C (with accrued interest)	<b>23578635</b>	<b>854405</b>
In EEFC Account	<b>461895</b>	<b>246957</b>
<b>TOTAL</b>	<u><b>27011050</b></u>	<u><b>3487982</b></u>
<b>LOANS AND ADVANCES</b> (Unsecured, considered good)		
Advances receivable in cash or in kind or for value to be received	<b>26221674</b>	<b>21313985</b>
Deposits with Government and other agencies	<b>9321710</b>	<b>9473860</b>
Taxes Paid (Income Tax )	<b>19231959</b>	<b>16711859</b>
<b>TOTAL</b>	<u><b>54775343</b></u>	<u><b>47499704</b></u>

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE 'G'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
a) Total outstanding dues of Micro, Medium and Small Enterprises (Refer Note B (3) to Schedule M)	Nil	Nil
b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	4686319	23056641
Due to Directors	522033	435890
Deposit received	1320602	1320602
Advance against Orders	502000	231950
<b>TOTAL</b>	<b>7030954</b>	<b>25045083</b>
<b>B) PROVISIONS</b>		
Employee benefit Scheme	273300	226992
Provision for Taxation	365016	Nil
<b>TOTAL</b>	<b>638316</b>	<b>226992</b>
<b>SCHEDULE 'H'</b>		
<b>SALES AND OPERATING INCOME</b>		
	For the year ended 31.03.2009	For the year ended 31.03.2008
Sales	547478664	598117088
Labour received	Nil	8524
<b>TOTAL</b>	<b>547478664</b>	<b>598125612</b>
<b>SCHEDULE 'I'</b>		
<b>OTHER INCOME</b>		
Dividend (Other Investment )	36300	28700
Excess prov for exp written back	20100	21654
Rent recd (Tds of Rs.13.45 lacs )	5282400	5282400
<b>TOTAL</b>	<b>5338800</b>	<b>5332754</b>
<b>SCHEDULE 'J'</b>		
<b>MATERIAL</b>		
<b>1. CONSUMPTION</b>		
Opening Stock of Raw Materials	108184415	98018541
Purchase of Raw Materials	374463928	445002888
Recovered out of Melting of Finished Goods	18951150	30617446
	501599493	573638875
Less : Closing Stock of Raw Materials	104556437	108184415
<b>TOTAL</b>	<b>397043056</b>	<b>465454460</b>
<b>2. TRADING MATERIALS</b>		
	49186242	62125243
<b>TOTAL</b>	<b>446229298</b>	<b>527579703</b>
<b>SCHEDULE 'K'</b>		
<b>INCREASE / DECREASE IN STOCK OF FINISHED GOODS /W.I.P.</b>		
Opening Stock of Finished Goods	45193847	41962517
Add : Purchases of Finished Goods	20617285	26200922
	65811132	68163439
Less : Closing Stock of Finished Goods	31733475	45193847
Less : Melting of Finished Goods	18951150	30617446
<b>TOTAL</b>	<b>15126507</b>	<b>(7647854)</b>

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

	For the year ended 31.03.2009 (Rupees)	For the year ended 31.03.2008 (Rupees)
<b>SCHEDULE 'L'</b>		
<b>MANUFACTURING/ ADMINISTRATIVE /SELLING &amp; DISTRIBUTION EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumable Stores, Spares & Tools	3874412	4012813
Labour Charges	19818004	21546676
Rent	691821	572920
Electricity Charges	2137867	2063603
Seepz Water charges	241458	262176
Repairs & Maintenance to Machinery	458522	772819
<b>EMPLOYMENT EXPENSES</b>		
Salaries & Wages	7841313	7094881
Contribution to PF & Other Funds (Incl. Rs. 4.26 Lacs for Directors)	1322666	1283078
Welfare Expenses	30513	36305
Directors Remuneration	9194492	8414264
Directors Fees	3886285	3792105
	155000	110000
<b>ADMINISTRATIVE EXPENSES</b>		
Advertisement Expenses	31110	57996
Professional & Technical Fees	2230972	1113352
Bank Charges	1408548	1877179
Rent	95461	62460
Rates & Taxes	76212	76212
<b>Repairs &amp; Maintenance :</b>		
Others	869036	917241
Buildings	52175	26151
Donations	884500	1094241
<b>Auditors Remuneration :</b>		
As Auditors	175000	150000
For Taxation Services	40000	40000
For consultancy services	60000	60000
Insurance	275000	250000
Prior Period Items	922706	775663
Custom Duty	468590	47132
Other General Expenses	Nil	132000
	5599444	4933576
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Exhibition Expenses	1593641	931198
Travelling Expenses	2596336	2172671
Credit Cards Commission	214844	154364
Freight & Cartage	1122335	1140950
Commission & Discount	1313582	972234
<b>TOTAL</b>	<b>60212353</b>	<b>58281996</b>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
Bank Interest	8920673	6008259
other interest	Nil	6765
	8920673	6015024
<b>Less : Interest recd. (Tds .Rs 3.40 lacs)</b>	<b>1668361</b>	<b>821559</b>
<b>TOTAL</b>	<b>7252312</b>	<b>5193465</b>

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

**SCHEDULE 'N'**

**ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS**

**A) SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of preparation of financial statements**

The Financial statements have been prepared under the historical cost convention in accordance with generally accepted Accounting principles and on the Principle of going concern and in accordance with applicable Accounting standards adopted consistently. Company generally follows mercantile system of accounting and recognises significant items of income and expenditure on an accrual basis.

**ii) Use of Estimates**

The Preparation of financial statements require management to make certain estimates and assumptions that effect the amounts reported in financial statements and notes thereon. Difference in actual results & estimates are recognised in the period in which they materialize.

**iii) Fixed Assets**

The gross block of all Fixed Assets is stated at cost of acquisition net of vat less accumulated depreciation. Rubber moulds of small value have not been capitalized and considered as consumables and charged to revenue.

**iv) Depreciation**

Depreciation on all Fixed Assets is provided on written down value method at the rates and in the manner prescribed by Schedule XIV of the Companies Act 1956. Assets costing up to 5000/- are depreciated fully in the year of Purchase. Depreciation on additions / Deletions of Assets is provided on Pro-Rata basis.

**v) Investments**

Long term Investments are valued at cost with an appropriate provision for permanent diminution in value.

**vi) Inventories**

(A) Raw materials are valued at lower of the cost or net realisable value; cost is arrived at on FIFO basis. Cost includes costs incurred in bringing them to their present location.

(B) Stores & Consumables are valued at cost.

(C) Finished goods are valued at lower of the cost or net realisable value. Cost of finished goods is determined by taking material, labour and appropriate factory overheads.

(D) Inventory of spares / tools, Rubber Moulds is not valued and is charged to to revenue.

**vii) Sales / Revenue Recognition.**

Sales are net of tax & discount adjusted for gain / loss on export realisation, year end restatement and corresponding forward exchange contracts. Company recognises sales at the point of dispatch / delivery of the goods to the customer. Interest / rental income is recognised on time proportionate basis.

**viii) Foreign Currency Transaction**

(a) Transactions denominated in Foreign Currencies are normally recorded at the exchange rate prescribed by customs at the time of transaction.

(b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of monetary items covered by forward exchange contracts the difference between year end rates and rate on the date of contract is recognised as exchange difference and premium or discount on forward exchange contracts is recognised over the life of the contract.

(c) Non-monetary foreign currency items are carried at cost.

(d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account .

(e) Exchange difference is adjusted against sales / purchases etc., wherever applicable.

(f) Company has not exercised option for the treatment of Foreign exchange difference relating to capital asset as per recent notification relating to the Provisions of AS 11. During the year there was no capital expenditure in Foreign currency.

**ix) Employee Retirement Benefits**

Company have opted for Group Gratuity Scheme with LIC of India; Company's contribution based on a actuarial valuation by LIC is charged to Profit & Loss Account. Contribution to Provident / Family Pension Fund as percentage of salary is charged to Profit & Loss Account on accrual basis.

*Contd...*



**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

Accrued leave Salary is estimated and provided on actual basis. The expense is recognised at present value of amount payable to Employees. Total liability for Leave Salary outstanding at year end rate is Rs. 2.32 Lacs.

**x) Taxation**

Provision for current tax is made considering Rules / benefits admissible under Income Tax Act 1961. Deferred tax Asset resulting from timing difference between book and taxable Profit for the year is calculated by using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet Date. Provision for Fringe Benefit Tax has been made in accordance with applicable Income Tax laws prevailing for relevant Assessment Year.

**xi) Provisions, Contingent Liabilities and Contingent Assets**

Provisions in respect of present obligations arising out of past events are made in Accounts where reliable estimation can be made of the amount of obligation. Contingent Liabilities are not provided for and if material are disclosed separately by way of note. Contingent Assets are neither recognised nor disclosed in Financial Statement.

**B) NOTES ON ACCOUNTS****(Rupees in Lacs)**

	<u>2009</u>	<u>2008</u>
<b>1) CONTINGENT LIABILITIES.</b>		
i) In respect of Income Tax matters contested by the company	<b>245.64</b>	69.49
ii) In respect of Sales Tax Matters	<b>0.85</b>	0.85
iii) In respect of Custom Duty matter	<b>4.51</b>	4.51
iv) Estimated Amount of Contracts remaining to be executed on Capital Accounts and not provided for in the accounts	<b>NIL</b>	NIL
2) Figures of previous year has been regrouped and rearranged wherever necessary.		
3) Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006; There are no outstanding dues payable to parties covered under the Micro, Small and Medium Enterprises as per MSMED Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the company. During the year, Company have not paid any interest to such suppliers and no interest was accrued and remaining unpaid at the year end. This has been relied upon by the auditors.		
<b>4) DIRECTORS REMUNERATION</b>	<b>2009</b>	2008
	<b>(Rupees)</b>	(Rupees)
i) Salary	<b>3550000</b>	3400000
ii) Perquisites	<b>336285</b>	392105
iii) Contribution to P. F.	<b>426000</b>	408000
	<b>4312285</b>	4200105
iv) Meeting Fees	<b>155000</b>	110000
v) Estimated monetary value of Perquisite in the form of personal use of Assets at Residence.	<b>11406</b>	13927
vi) The above figures do not include contribution to Gratuity Fund for Directors, as separate figures could not be ascertained.		
5) The Profit & Loss A/c includes aggregate exchange difference (Net) of Rs. 118.97 Lacs (Credit) Previous Year Rs. 141.74 lacs (credit).		

**6) RELATED PARTY TRANSACTIONS**

AS PER ANNEXURE ATTACHED

**7) SEGMENT REPORTING**

Company is exclusively engaged in the Gems & Jewellery Business, which as per Accounting Standard AS-17 is considered the only primary reportable business segment.

**GEOGRAPHICAL SEGMENT REPORTING (GEMS & JEWELLERY)****(Rs. in Lacs)**

<u>COUNTRY</u>	<u>SALES</u> <u>31.03.2009</u>	<u>BALANCE ON</u> <u>31.03.2009</u>	<u>SALES</u> <u>31.03.2008</u>	<u>BALANCE ON</u> <u>31.03.2008</u>
<b>EXPORTS</b>				
U.S.A.	<b>2092.69</b>	<b>125.03</b>	2487.67	305.03
EUROPE	<b>1667.31</b>	<b>131.51</b>	1744.54	111.71
MIDDLE EAST	<b>882.56</b>	<b>564.12</b>	593.80	322.22
OTHERS	<b>507.14</b>	<b>259.60</b>	849.29	435.53
<b>LOCAL SALES</b>	<b>184.70</b>	<b>57.43</b>	178.29	5.26
	<b>5334.40</b>	<b>1137.69</b>	<b>5853.59</b>	<b>1179.75</b>

Contd...

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)**

**8) LEASE DISCLOSURES**

The Company has entered into Four Lease Agreements and had given premises on lease for 33 Months to others, which are in the nature of operating lease. Leased Asset i.e., premises is shown as Fixed Assets. Gross value Rs. 257.33 Lacs and accumulated depreciated Rs. 130.29 Lacs. Lease income Rs. 52.82 Lacs is recognised on straight-line basis in the Profit & Loss Account. Depreciation Rs. 14.12 Lacs provided during the year at rates for which similar Assets are depreciated.

Future lease rental receivable within the period of one year Rs. 52.82 Lacs (Previous Year Rs. 52.82 Lacs) and lease rental receivable later than one year but not later than 5 years Rs. 35.22 Lacs.

**9) Earning Per Share (EPS)**

EPS computed in accordance with Accounting Standard - 20.

**Basic & Diluted**

	<b>2009</b>	2008
Profit after Tax as per Accounts	<b>130.38</b>	102.69
Number of Equity Shares issued	<b>3002000</b>	3002000
Face Value of the Shares	<b>10</b>	10
EPS (Basic & Diluted) Rs.	<b>4.34</b>	3.42

**10) Accounting for Deferred Tax**

The deferred Tax Assets has arisen mainly on account of timing difference between Depreciation admissible under Income Tax Rules and Depreciation in Books.

Major components of Deferred Tax Assets are arising on account of timing difference as under :

**Deferred Tax Assets**

(Rs. in Lacs)

	<b>Upto 31.03.2009</b>	Up to 31.03.2008
<b>Assets</b>		
Difference between Book & Tax Depreciation	<b>25.90</b>	24.20
Deffered Tax Asset Provision required	<b>1.70</b>	1.83

11) Installed Capacity

NOT APPLICABLE

12) Licensed Capacity

NOT APPLICABLE

**13) QUANTITY DETAILS OF SALES**

(Rs. in Lacs)

	<b>QTY NO./Sets</b>	<b>2009 VALUE (Rs.)</b>	<b>QTY NO./Sets</b>	<b>2008 VALUE (Rs.)</b>
Jewellery & Objects of Arts (In Nos)	<b>17502</b>	<b>4842.82</b>	21027	5210.18
Diamond & Precious Stones (In Cts )	<b>3884.02</b>	<b>482.22</b>	5676.52	639.43
Others		<b>9.37</b>		3.99
		<b>5334.40</b>		<b>5853.60</b>

**14) QUANTITY DETAILS OF CONSUMPTION OF RAW MATERIALS**

(Rs. in Lacs)

	<b>QTY NO./Sets</b>	<b>2009 VALUE (Rs.)</b>	<b>QTY NO./Sets</b>	<b>2008 VALUE (Rs.)</b>
Gold (Qty in Kgs )	<b>77.21</b>	<b>941.69</b>	102.04	977.59
Diamonds (Qty in Cts )	<b>23130.49</b>	<b>2963.02</b>	29773.68	3589.32
Precious Stones & Metal (Individual Consumption		<b>76.39</b>		94.39
Whereof Accounts for less than 10% of total consumption.)		<b>3981.10</b>		4661.30
ADD : Diamond & Precious Stones Resale (Qty in Cts )	<b>5133.64</b>	<b>479.80</b>	6565.87	621.25
		<b>4460.89</b>		<b>5282.55</b>

Contd...

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)****15) CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIALS & STORES**

A) RAW MATERIALS CONSUMED	(Rs. in Lacs)	%	(Rs. in Lacs)	%
Indigenous	4051.86	91%	4859.38	92%
Imported	409.03	9%	423.17	8%
<b>B) STORES &amp; TOOLS CONSUMED</b>				
Indigenous	19.51	52%	27.52	68%
Imported	17.73	48%	12.86	32%

**16) QUANTITY DETAILS OF PURCHASE OF FINISHED GOODS**

Jewellery & Objects of Arts	Nos.	(Rs. in lacs)	Nos.	(Rs. in lacs)
	1505	191.03	1169	269.16

**17) QUANTITY DETAILS OF ACTUAL PRODUCTION**

Jewellery Articles & Objects Arts (net of broken)	15514 Nos.	20213 Nos.
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18) There were no amount due and outstanding to be credited to Investor Education and Protection Fund.

**19) FINANCIAL AND DERIVATIVE INSTRUMENT : -**

- 1) Forward exchange contract entered into by the company for hedging currency related risks and outstanding as on 31-03-2009 Rs. 442.21 Lacs (US \$ 900000) (Previous Year Rs. 1116.94 Lacs US\$ 2800000)
- 2) The Company uses Foreign Currency forward contracts to hedge its risks against Foreign Currency.
- 3) Foreign Currency exposure that is not hedged by forward exchange contract as on 31-03-2009 Rs. 9.78 Lacs on account of Imports (Pr. Yr 96.87 Lacs) and Rs.636.30 lacs on account of Export of goods. (Previous Year NIL)

**20) CIF Value of import**

	(Rs. in Lacs)	(Rs. in Lacs)
(Excluding Inter Unit Purchases)		
Raw Materials	226.34	172.02
Stores & Consumables & Spares	19.24	11.13
Finished Goods	189.23	267.99
Fixed Assets	0.00	20.99
	<u>434.82</u>	<u>472.13</u>

**21) EXPENDITURE IN FOREIGN CURRENCY**

	(Rs. in Lacs)	(Rs. in Lacs)
Travelling Expenses	14.00	8.58
Exhibition Expenses & Advances	10.91	9.63
Bank Charges	0.91	0.59
Membership & Subscription	0.04	0.04
Sales Commission	19.64	14.76
	<u>45.50</u>	<u>33.60</u>

**22) EARNINGS IN FOREIGN EXCHANGE**

FOB Value of Exports	(Rs. in Lacs)	(Rs. in Lacs)
	5133.04	5437.83

**23) No. Of Non Residential Share Holders**

No of Shares held by them	9	9
Dividend Remitted	60419	60419
	NIL	NIL

**24) Stock of Finished Goods:**

	(2008 - 2009)		(2007-2008)		(2006-2007)	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Jewellery Articles & Objects of Arts.	1308	317.33	1791	451.94	1436	419.63

Contd...

## SHANTIVIJAY JEWELS LIMITED

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### 25) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. REGISTRATION DETAILS

Registration No. : **23289** State code : **11**  
Balance Sheet Date **31 03 2009**  
Date Month Year

#### II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue **NIL** Rights issue **NIL**  
Bonus Issue **NIL** Private issue **NIL**

#### III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities	<b>371818</b>	Total Assests	<b>371818</b>
SOURCES OF FUNDS			
Paid - up Capital	<b>30020</b>	Reserve & Surplus	<b>221024</b>
Secured Loans	<b>119612</b>	Unsecured Loans	<b>1162</b>
APPLICATION OF FUNDS			
Net Fixed Assets	<b>23216</b>	Investments	<b>19185</b>
Net Current Assets	<b>326827</b>	Misc Expenditure	<b>NIL</b>
Accumulated Losses	<b>NIL</b>	Deferred Tax Asset	<b>2590</b>

#### IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)

Turnover	<b>552817</b>	Total Expenditure	<b>532345</b>
Profit Before Tax	<b>20472</b>	Profit After Tax	<b>13038</b>
Earning Per Share in Rs.	<b>4.34</b>	Dividend Rate (%)	<b>NIL</b>

#### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITX Code) **NIL**  
Product Description : **Gems & Jewellery Studded with precious stones**

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AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

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For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (*Chairman & M.D*)  
**A.K.GODHA** (*Vice Chairman & M.D*)

Sd/-  
Directors  
**S.S.KASLIWAL**

**A.R.SHAH**

**J.B. SHAH**

**ANNEXURE  
ENCLOSURE FOR PARTY DISCLOSURE**

As required by Accounting Standard -AS 18 " Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below :

- A) Wholly owned Subsidiary Companies  
 i) Shantivijay Jewels International Ltd -Mauritius  
 ii) Shantivijay Impex FZCO Dubai (Subsidiary of Shantivijay Jewels International Ltd )  
 iii) Shantivijay Impex DMCC (Subsidiary of Shantivijay Jewels International Ltd )
- B) Associate Companies  
 i) Precious Gems Pvt. Ltd
- C) Key Management Personnel & Relatives  
 Shree Pradeep Kumar Godha - Chairman & Managing Director  
 Shree Anurag Godha - Vice Chairman & Managing Director  
 Smt Rajrani Godha }  
 Smt Sudha Godha } Relatives of Directors  
 Smt Namita Godha }

Details of Transactions are as below,

(Figures in Rs.)

SR. NO	NAME OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTION	TRANSACTION AMOUNT 31.03.2009	OUTSTANDING 31.03.2009	TRANSACTION AMOUNT 31.03.2008	OUTSTANDING 31.03.2008
1	Shantivijay Impex FZCO	Subsidiary of Wholly owned subsidiary	Sales	10235326	3626480 DR	26451959	17663833 DR
2	Shantivijay Impex FZCO	Subsidiary of Wholly owned subsidiary	Purchases	7725950	0	11399400	0
3	Bimalchand Godha	Managing Director	Remuner + perks Advance recd	0 0	0 0	980475 1670000	220314 CR 1162350 CR
4	Pradeep Kumar Godha	Managing Director	Remuner + perks Advance recd	2224492 0	144384 CR 0	1327473 1046000	136151 CR 0
5	Anurag Godha	Managing Director	Remuner + perks Advance recd	2311793 0	377649 CR 0	1484157 1895000	79425 CR 0
6	Rajrani Godha	Wife of Director	Remuneration + Bonus and rent paid Advance recd (Transferred from Bimalchand Godha ) Security deposit paid	128167 0 0	186264 CR 1162350 CR 8500000 DR	130369 0 0	49133 CR 0 8500000 DR
7	Sudha Godha	Wife of Director	Remuneration + Bonus	168800	36452 CR	172796	73341 CR
8	Namita Godha	Wife of Director	Remuneration + Bonus	168800	151311 CR	172796	156312 CR
<b>Surety given to Company's banker by Third parties</b>							
1	Precious Gems P.Ltd	Associate Company	Surety given to Company bankers (without any charge)	Market Value	11400000		11400000
2	Rajrani Godha	Wife of Director	--do --	Market Value	29400000		29400000

DR - Debit CR - Credit

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	2009 Rupees	2008 Rupees
<b>A. CASH FLOW FROM OPERATION ACTIVITIES :-</b>		
Net Profit before tax & extraordinary items	20642	16499
<b>Adjustments for :</b>		
Depreciation	3525	3735
Interest paid	8921	6015
	<u>33088</u>	<u>26249</u>
<b>Adjustments for :</b>		
Interest/Dividend Received	(1705)	(850)
Loss on sale of Assets	0	0
Profit on sale of Assets	0	0
Diminution in the value of Investment	0	0
Provision for Deferred Tax Liability/Asset	(170)	(183)
<i>Operating Profit before working capital changes</i>	<u>31213</u>	<u>25216</u>
<b>Adjustments for :</b>		
Trade & other receivables	(550)	26288
Inventories	17158	(13023)
Trade Payables	(17603)	(14408)
<i>Cash generated from Operation</i>	<u>30219</u>	<u>24073</u>
Interest Paid	11173	(6015)
Taxes paid	(10125)	(11496)
<i>Net cash used in Operating activities</i>	<u>11173</u>	<u>6562</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchase of Fixed assets	(681)	(2671)
Sale of Fixed Assets.	0	0
Interest & Dividend Received	1705	850
<i>Net cash used in Investment activities</i>	<u>1024</u>	<u>(1821)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Increase in Unsecured Advances	0	1162
Increase in Bank borrowings	11326	119
Dividend Paid	0	(6004)
<i>Net cash used in Finance activities</i>	<u>11326</u>	<u>(4723)</u>
<b>NET DECREASE IN CASH EQUIVALENTS (B + C + A)</b>	<u>23523</u>	<u>18</u>
Cash and Cash Equivalents		
Opening Balance	3488	3470
Closing Balance	<u>27011</u>	<u>3488</u>
	<u>23523</u>	<u>18</u>

( ) Indicates deductions.

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (Chairman & M.D)  
**A.K.GODHA** (Vice Chairman & M.D)

Sd/-  
Directors  
**S.S.KASLIWAL**

**A.R.SHAH**

**J.B. SHAH**

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## Report of the Auditors' to the Board of Directors of Shantivijay Jewels Limited on Consolidated Financial statements

1. We have audited the attached consolidated balance sheet of Shantivijay Jewels Limited and its subsidiary companies as at March 31, 2009, and also the related profit and loss account and the cash flow statement for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Subsidiary Companies, Shantivijay Jewels International Limited and its Subsidiary Shantivijay Impex FZCO and Shantiivjay Impex DMCC Dubai whose financial statements reflect total assets (Net) of Rs. 942.47 lakhs as at March 31, 2009 and total revenues of Rs1938.77 lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the Subsidiary Companies, is based solely on the report of the other auditors.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements,' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Shantivijay Jewels Ltd. and its Subsidiary Companies included in the aforesaid consolidation.
4. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: a) In the case of Consolidated Balance sheet, of the consolidated state of affairs of the Company and its subsidiaries as at 31 st March, 2009. b) In the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of the Company and its subsidiaries for the year then ended and c) In the case of the Consolidated Cash flow Statement, of the consolidated cash flows of the company and its subsidiaries for the year then ended.

**B.F. CHORDIA & CO.**  
CHARTERED ACCOUNTANTS

Sd/-  
**B.F.CHORDIA**  
PROPRIETOR

Place: Mumbai

Dated: 27th June, 2009.

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**SHANTIVIJAY JEWELS LIMITED****CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH 2009**

	SCHEDULES	AS AT 31.03.2009 (Rupees)	AS AT 31.03.2008 (Rupees)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUND</b>			
Share Capital	A	30020000	30020000
Reserve & Surplus	B	294968018	255419255
<b>LOANS FUNDS</b>			
Secured Loans	C	119612114	108286013
Unsecured Loans		1162350	1162350
<b>TOTAL</b>		<b>445762482</b>	<b>394887618</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	70666978	62833072
Less : Depreciation		40196468	36637850
		30470510	26195222
Capital Work in Progress		Nil	4959354
<b>INVESTMENTS</b>			
	E	358975	358975
<b>DEFERRED TAX ASSETS</b>			
		2590000	2420000
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
Inventories	F	218398992	229945282
Debtors		167394719	145299081
Cash & Bank Balances		30224365	7186485
Loans & advances		56390166	48570467
		472408242	431001315
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	59426929	69820256
Provisions		638316	226992
<b>NET CURRENT ASSETS</b>		<b>412342997</b>	<b>360954067</b>
<b>TOTAL</b>		<b>445762482</b>	<b>394887618</b>
<b>NOTES TO THE ACCOUNTS</b>	N		

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered AccountantsSd/-  
**B.F. Chordia**  
ProprietorPlace : Mumbai  
Dated : 27th June, 2009For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (Chairman & M.D)  
**A.K.GODHA** (Vice Chairman & M.D)Sd/-  
Directors  
**S.S.KASLIWAL****A.R.SHAH****J.B. SHAH**



**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

SCHEDULES	For the year ended 31.03.2009 (Rupees)	For the year ended 31.03.2008 (Rupees)
<b>INCOME</b>		
Sales & Operating Income	H 723394646	723044431
Other income	I 5338800	5709025
	<u>728733446</u>	<u>728753456</u>
<b>EXPENDITURE</b>		
Materials	J 446229298	527579703
Increase/Decrease in the Stock	K 176290871	101588224
Manufacturing ,Maintenance & Administrative Expenses	L 67224501	61722345
Interest (Net)	M 7252312	5193465
Depreciation	3564420	3880574
TOTAL	700561402	699964311
<b>Net Profit for the Year (Before Taxation)</b>	<b>28172044</b>	<b>28789145</b>
Add : Deferred Tax Asset	170000	183000
Less : Provision for Taxation	7400825	6035615
Less : Provision for Fringe benefit Tax	203694	194905
Add : Profit Brought/Forward	84216587	61474962
<b>Profit Carried to Balance Sheet</b>	<b>104954113</b>	<b>84216587</b>
Earning per share (Basic & Diluted) (Equity Share of Rs. 10/- each)	<b>6.91</b>	7.58
<b>NOTES TO THE ACCOUNTS</b>	<b>N</b>	
() Indicates Deduction		

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (Chairman & M.D)  
**A.K.GODHA** (Vice Chairman & M.D)

Sd/-  
Directors  
**S.S.KASLIWAL**

**A.R.SHAH****J.B. SHAH**

**SHANTIVIJAY JEWELS LIMITED**
**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (CONSOLIDATED)**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
Authorised 6000000 Equity Shares of Rs 10/- each	<u>60000000</u>	<u>60000000</u>
<b>Issued</b> 3002000 Equity shares of Rs.10 each	<u>30020000</u>	<u>30020000</u>
<b>Subscribed &amp; Paid Up</b> 3002000 Equity Shares of Rs 10/- each fully paid. (Out of the above 700000 fully paid equity shares were issued as Bonus Shares by Capitalisation of General Reserves.)	<u>30020000</u>	<u>30020000</u>
<b>TOTAL</b>	<u><u>30020000</u></u>	<u><u>30020000</u></u>
<b>SCHEDULE 'B'</b>		
<b>RESERVE AND SURPLUS</b>		
Share premium	46797952	46797952
Capital Reserve	20055422	20055422
General Reserve Balance	108983798	108983798
Exchange translation reserve	14176734	(4634504)
Profit & Loss Account	104954113	84216587
<b>TOTAL</b>	<u><u>294968018</u></u>	<u><u>255419255</u></u>
<b>SCHEDULE 'C'</b>		
<b>SECURED LOANS FROM CANARA BANK</b>		
PACKING CREDIT	101948422	93262677
DISCOUNTED BILLS (Against hypothecation of stocks, collaterally secured by hypothecation of Book debts & Machinery and Negative Lien of Immovable property of Precious Gems P ltd and Rajrani Godha, personally guaranteed by some of the directors & their relatives.)	17663692	15023336
<b>TOTAL</b>	<u><u>119612114</u></u>	<u><u>108286013</u></u>
<b>UNSECURED LOANS</b>		
From Directors	1162350	1162350
<b>TOTAL</b>	<u><u>1162350</u></u>	<u><u>1162350</u></u>

**SCHEDULE 'D'**  
**FIXED ASSETS :**

(FIGURES IN RUPEES)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AT COST ON 1.4.2008	ADDITIONS DURING THE YEAR	SALE / TRANSFER	TOTAL	UPTO 01.04.2008	FOR THE YEAR 31.03.2009	ADJ ON SALE / TRANSFER	UPTO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
Building	29602180	0	0	29602180	15049553	1455263	0	16504816	13097364	14552627
Plant & Machinery	18508186	89200	0	18597386	11802584	942400	0	12744984	5852402	6705602
Elec. Installation	1236778	54038	0	1290816	854478	57747	0	912225	378591	382300
Motor Vehicles	4873418	43500	0	4916918	2852070	533015	0	3385085	1531833	2021348
Office Equipments	5979043	276360	0	6255403	4386554	363944	0	4750498	1504904	1592488
Furniture & Fixtures	2633467	7370808	0	10004275	1692610	206251	0	1898861	8105414	940857
<b>TOTAL</b>	<b>62833072</b>	<b>7833906</b>	<b>0</b>	<b>70666978</b>	<b>36637849</b>	<b>3558619</b>	<b>0</b>	<b>40196468</b>	<b>30470508</b>	<b>26195222</b>
Previous Year	59880581	2952491	0	62833072	32757274	3880574	0	36637848	26195222	27123307

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (CONSOLIDATED)**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE 'E'</b>		
<b>INVESTMENTS</b>		
<b>QUOTED, NON TRADING LONG TERM, At COST</b>		
300 Fully paid Equity shares of Rs10/- each of Gujarat Fluorochemicals Ltd.	32475	32475
4100 Fully paid Equity shares of Rs.35/- each of Canara Bank (Market Value Rs.6.91 Lacs , Previous Year Rs.9.78 Lacs)	<u>143500</u>	<u>143500</u>
	175975	175975
<b>UN QUOTED</b>		
183000 fully paid Equity shares of rs.10/- each of German Garden Ltd.	2021613	2021613
Less : Provision for Dimunition in the value	<u>1838613</u>	<u>1838613</u>
TOTAL	<u><u>358975</u></u>	<u><u>358975</u></u>
<b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As taken ,valued & certified by Directors)		
Raw Materials	104556437	108184415
Finished Goods	111191396	119039653
Stores& Spares	<u>2651159</u>	<u>2721214</u>
	<u><u>218398992</u></u>	<u><u>229945282</u></u>
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Due for less than 6 months	94237304	119297310
Due for more than 6 months	<u>73157416</u>	<u>26001771</u>
	<u><u>167394719</u></u>	<u><u>145299081</u></u>
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	239646	583810
<b>Balance with scheduled banks</b>		
In current A/C	5944189	5501313
In fixed deposit A/C (with accrued interest)	23578635	854405
In EEFC Account	<u>461895</u>	<u>246957</u>
TOTAL	<u><u>30224365</u></u>	<u><u>7186485</u></u>
<b>LOANS AND ADVANCES</b>		
Unsecured, considered good		
(Advances Receivable in cash or in kind or value to be received)	26325527	21417838
Deposits with Government and other agencies	10832680	10440770
Taxes Paid (Income Tax )	<u>19231959</u>	<u>16711859</u>
TOTAL	<u><u>56390166</u></u>	<u><u>48570467</u></u>

**SHANTIVIJAY JEWELS LIMITED**
**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (CONSOLIDATED)**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE 'G'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
<b>Sundry Creditors</b>		
a) Total outstanding dues of Micro, Medium and Small Enterprises (Refer Note B (3) to Schedule M)	Nil	Nil
b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	54715191	65805874
Due to the Directors	522033	435890
Advance/Deposit Received	4189704	3578492
<b>TOTAL</b>	<b>59426929</b>	<b>69820256</b>
<b>B) PROVISIONS</b>		
Employee benefit Scheme	273300	226992
Provision for Taxation	365016	Nil
<b>TOTAL</b>	<b>638316</b>	<b>226992</b>
<b>SCHEDULE 'H'</b>		
<b>SALES AND OPERATING INCOME</b>		
	For the year ended 31-03-2009	For the year ended 31-03-2009
Sales	723394646	723035907
Labour	Nil	8524
<b>TOTAL</b>	<b>723394646</b>	<b>723044431</b>
<b>SCHEDULE 'I'</b>		
<b>OTHER INCOME</b>		
Dividend	36300	28700
Misc Income	Nil	376271
Excess prov for exp written back	20100	21654
Rent recd (Tds of Rs.13.45 lacs )	5282400	5282400
<b>TOTAL</b>	<b>5338800</b>	<b>5709025</b>
<b>SCHEDULE 'J'</b>		
<b>MATERIALS</b>		
<b>1) CONSUMPTION</b>		
Opening Stock of Raw Materials	108184415	98018541
Purchase of Raw Materials	374463928	445002888
Recovered out of Melting of Finished Goods	18951150	30617446
	501599493	573638875
Less : Closing Stock of Raw Materials	104556437	108184415
	397043056	465454460
<b>2) TRADING MATERIALS</b>		
	49186242	62125243
<b>TOTAL</b>	<b>446229298</b>	<b>527579703</b>
<b>SCHEDULE 'K'</b>		
<b>INCREASE / DECREASE IN STOCK OF FINISHED GOODS /W.I.P.</b>		
Opening Stock of Finished Goods	119039653	117340500
Add : Purchases of Finished Goods	187393764	133904823
	306433417	251245323
Less : Closing Stock of Finished Goods	111191396	119039653
Less : Melting of Finished Goods	18951150	30617446
<b>TOTAL</b>	<b>176290871</b>	<b>101588224</b>

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (CONSOLIDATED)**

	For the year ended 31.03.2009 (Rupees)	For the year ended 31.03.2008 (Rupees)
<b>SCHEDULE 'L'</b>		
<b>MANUFACTURING/ ADMINISTRATIVE /SELLING &amp; DISTRIBUTION EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Consumable Stores, Spares & Tools	3874412	4012813
Labour Charges	19818004	21546676
Rent	691821	572920
Electricity Charges	2198771	2103270
Seepz Water charges	241458	262176
Repairs & Maintenance to Machinery	458522	772819
<b>EMPLOYMENT EXPENSES</b>		
Salaries & Wages	8414105	7608779
Contribution to PF & Other Funds (Incl. Rs. 4.26 Lacs for Directors)	1322666	1283078
Welfare Expenses	30513	36305
Directors Remuneration	3996593	3915772
Directors Fees	155000	110000
<b>ADMINISTRATION EXPENSES</b>		
Advertisement Expenses	31110	57996
Professional & Technical Fees	2230972	1113352
Bank Charges	1452984	1926662
Rent	2259807	1489297
Rates & Taxes	76212	76212
<b>Repairs &amp; Maintenance :</b>		
Others	889414	1007396
Buildings	52175	26151
Donations	884500	1094241
<b>Auditors Remuneration :</b>		
As Auditors	500910	226719
For Taxation Services	40000	40000
For consultancy services	60000	60000
Insurance	932734	784433
Prior Period Items	468590	47132
Custom Duty	0	132000
Other General Expenses	8523756	4392338
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Exhibition Expenses	1593641	931198
Travelling Expenses	2741788	2286240
Credit Cards Commission	214844	154364
Freight & Cartage	1248881	1185163
Commission & Discount	1820318	2466843
TOTAL	<u>67224501</u>	<u>61722345</u>
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
Bank Interest	8920673	6015024
	8920673	6015024
Less : Interest recd. (TDS Rs. 3.40 lacs)	1668361	821559
TOTAL	<u>7252312</u>	<u>5193465</u>

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (CONSOLIDATED)**

**SCHEDULE 'N'  
NOTES TO ACCOUNTS**

**1) SIGNIFICANT ACCOUNTING POLICIES**

**i) Basis of Accounting**

The Financial statements are prepared under the historical cost convention and comply with the applicable Accounting Standards in the country of incorporation. Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on an accrual basis.

**ii) Principles of Consolidation**

a) The Consolidated financial statements relate to Shantivijay Jewels Ltd ('the company') and its wholly owned Subsidiary Company Shantivijay Jewels International Ltd Mauritius and it's Subsidiaries Shantivijay Impex FZCO & Shantivijay Impex DMCC Dubai. The consolidated financial statements have been prepared on the following basis.

The Financial statements of the Company and its Subsidiary Companies have been combined on a line -by -line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra -group transactions resulting in unrealized profits or losses.

b) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the companies separate financial statements.

c) The Subsidiary Companies considered in the consolidated financial statements are,

Name of the Company	Country of Incorporation	%of Voting Power held as at 31.03.2009
a) Shantivijay Jewels International Ltd	Mauritius	100 %
b) i) Shantivijay Impex FZCO	Dubai	100 %
ii) Shantivijay Impex DMCC (Wholly owned subsidiaries of Shantivijay Jewels International Ltd)	Dubai	100 %

**iii) Exchange Adjustments**

Incase of foreign subsidiaries, being non- integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the exchange fluctuation reserve.

**iv) Other Significant Accounting Policies**

These are set out in the Notes to Accounts under Significant Accounting Policies for Financial statements of the Company and its Subsidiaries.

**v) Segment reporting**

Company is exclusively engaged in the gems & Jewellery business, which as per Accounting Standard AS-17 is considered the only reportable business segment.

Geographical Segment Reporting				(Rs. in Lacs)
COUNTRY	SALES 2008-09	BALANCE ON 31.03.2009	SALES 2007-08	BALANCE ON 31.03.2008
<b>EXPORTS</b>				
U.S.A	2111.69	125.03	2539.01	336.13
EUROPE	2298.29	365.55	2462.53	307.08
MIDDLE EAST	1718.17	741.04	985.29	260.01
OTHERS	780.71	384.90	937.66	544.51
<b>LOCAL SALES</b>	<b>184.70</b>	<b>57.43</b>	178.29	5.26
	<u>7093.56</u>	<u>1673.95</u>	<u>6763.13</u>	<u>1797.05</u>

*Contd..*

<b>vi) Contingent Liabilities</b>	<b>2009</b>	<b>2008</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
i) In respect of Income tax matters contested by the company	<b>245.64 Lacs</b>	69.49 Lacs
ii) In respect of Sales tax matters	<b>0.85cs</b>	0.85 Lacs
iii ) In respect of Custom Duty matter	<b>4.51 Lacs</b>	4.51 Lacs
iv) Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for in the accounts.	<b>NIL</b>	6.78 Lacs

vii) Figures of previous year has been regrouped and rearranged wherever necessary.

**viii) DIRECTORS REMUNERATION**

	<b>2009</b>	<b>2008</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
i) Salary	<b>3660308</b>	3523667
ii) Perquisites	<b>336285</b>	392105
iii) Contribution to P.F.	<b>426000</b>	408000
	<b>4422593</b>	4323772
iv) Meeting Fees	<b>155000</b>	110000
v) Estimated monetary value of Perquisite in the form of personal use of Assets at Residence..	<b>11406</b>	13927

**ix) Earning per Share (EPS)**

EPS computed in accordance with Accounting standard -20.

Basic & Diluted

	<b>2009</b>	<b>2008</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Profit/Loss after tax as per Accounts	<b>207.37 Lacs</b>	227.42 Lacs
Number of equity shares issued	<b>3002000</b>	3002000
Face value of the Shares	<b>10</b>	10
EPS(Basic & Diluted)	<b>6.91</b>	7.58

**x) Accounting for taxes on income**

Provision for current tax is made considering Rules /benefits admissible under Income tax Act and laws applicable under the respective countries.

Deferred tax Asset resulting from timing difference between book and taxable profit for the year is calculated by using tax rates and tax laws that have been enacted or substantially enacted at the Balance sheet Date.

Deferred tax asset in respect of losses of Subsidiary has not been recognised.

Provision for Fringe benefit tax has been made in accordance with applicable Income tax laws prevailing for relevant Assessment year.

**xi) Related party transaction:** As per Annexure attached.

**xii) Fixed Assets**

The gross block of all fixed assets is stated at cost less accumulated depreciation. Rubber moulds of small value have not been capitalized and considered as consumables and charged to revenue.

**xiii) Depreciation**

Depreciation on all fixed assets of the parent Company is provided on written down value method at the rates and in the manner prescribed by Schedule XIV of the Companies Act 1956.

Depreciation on fixed assets of Subsidiaries are written off on straight-line method.

Depreciation charged to accounts on the above basis is in the opinion of Board of Directors reasonable and adequate.

**xiv) Investments**

Long term Investments are valued at cost with an appropriate provision for permanent diminution in value.

*Contd..*

### xv) Inventories

- a) Raw materials are valued at lower of the cost or net realisable value; cost is arrived out on FIFO System. Cost includes costs incurred in bringing them to their present location. Branches have not considered this cost.
- b) Stores & consumables are valued at cost.
- c) Finished goods.
  - i) Finished goods of Shantivijay Jewels Ltd are valued at lower of the cost or net realisable value. Cost of finished goods is determined by taking material, labour and related factory overheads.
  - ii) Finished goods of Subsidiaries have been valued at lower of the cost or net realisable value. Cost is determined by the FIFO method.
- d) Inventory of spares & tools is not valued and is charged to revenue.

### xvi) Foreign Currency Transactions.

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction.
- b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of monetary items covered by forward exchange contracts the difference between year end rates and rate on the date of contract is recognised as exchange difference and premium or discount on forward exchange contract is recognised over the life of the contract.
- c) Non-monetary foreign currency items are carried at cost.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account (including acquisition of fixed assets.)
- e) Exchange difference is adjusted against sales /purchases etc wherever applicable.
- f) Company has not exercised option for the treatment of Foreign exchange difference relating to capital asset as per recent notification relating to the Provisions of AS 11. During the year there was no capital expenditure in foreign currency.

### xvii) Employee Retirement Benefits

Company have opted for Group Gratuity Scheme with LIC of India; Company's contribution based on a actuarial valuation by LIC is charged to Profit & Loss Account. Contribution to Provident /family pension fund as percentage of salary charged to profit & loss a/c on accrual basis.

Accrued leave salary is estimated and provided on actual basis. The expense is recognised at present value of amount payable to employees. Total liability for leave salary outstanding at year end rate is Rs. 2.32 lacs.

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AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

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For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (*Chairman & M.D*)  
**A.K.GODHA** (*Vice Chairman & M.D*)

Sd/-  
Directors  
**S.S.KASLIWAL**  
**A.R.SHAH**  
**J.B. SHAH**



**ANNEXURE**

As required by Accounting Standard -AS 18 " Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given

below :

## A) Wholly owned Subsidiary Companies

- i) Shantivijay Jewels International Ltd -Mauritius
- ii) Shantivijay Impex FZCO Dubai (Subsidiary of Shantivijay Jewels International Ltd )
- iii) Shantivijay Impex DMCC (Subsidiary of Shantivijay Jewels International Ltd )

## B) Associate Companies

- i) Precious Gems Pvt. Ltd

## C) Key Management Personnel &amp; Relatives

Shree Pradeep Kumar Godha - Chairman & Managing Director

Shree Anurag Godha - Vice Chairman & Managing Director

Smt Rajrani Godha

Smt Sudha Godha

Smt Namita Godha

} Relatives of Directors

**Details of Transactions are as below:**

(Figures in Rs.)

SR. NO	NAME OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTION	TRANSACTION AMOUNT 31.03.2009	OUTSTANDING 31.03.2009	TRANSACTION AMOUNT 31.03.2008	OUTSTANDING 31.03.2008
1	Bimalchand Godha	Managing Director	Remuner + perks advance recd	0 0	0 0	980475 1670000	220314 CR 1162350 CR
2	Pradeep Kumar Godha	Managing Director	Remuner + perks advance recd	1899492 0	144384 CR 0	1327473 1046000	136151 CR 0
3	Anurag Godha	Managing Director	Remuner + perks Advance recd	1986793 0	377649 CR 0	1484157 1895000	79425 CR 0
4	Rajrani Godha	Wife of Director	Remuneration + Bonus and rent paid Advance recd (Transferred from Bimalchand Godha) Security deposit paid	128167 0 0	186264 CR 1162350 CR 8500000 DR	130369 0	49133 CR 8500000 DR
5	Sudha Godha	Wife of Director	Remuneration + Bonus	168800	36452 CR	172796	73341 CR
6	Namita Godha	Wife of Director	Remuneration + Bonus	168800	151311 CR	172796	156312 CR
7	International Financial Services Ltd	Company in which Director are interested	Remuneration	110308	0	74345	0
Surety given to Company's banker by Third parties							
1	Precious Gems P.Ltd	Associate Company Company bankers (without any charge)	Surety given to	Market value	11400000	—	11400000
2	Rajrani Godha	Wife of Director	—do—	Market value	29400000	—	29400000

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

(Rupees in Thousands)

	2009 Rupees	2008 Rupees
<b>A. CASH FLOW FROM OPERATION ACTIVITIES :-</b>		
Net Profit before tax & extraordinary items	32296	28373
Adjustments for :		
Depreciation	3670	3880
Interest paid	8921	6015
	<u>44887</u>	<u>38268</u>
Adjustments for :		
Write off of over provision	(375)	(375)
Interest/Dividend Received	(1702)	(850)
Loss on sale of Assets	Nil	Nil
Profit on sale of Assets	Nil	Nil
Diminution in the value of Investment	Nil	Nil
Provision for Deferred Tax Liability/Asset	(170)	(183)
Operating Profit before working capital changes	<u>42640</u>	<u>36860</u>
Adjustments for :		
Trade & other receivables	(2536)	24085
Inventories	13380	(16801)
Trade Payables	(19501)	(16235)
Cash generated from Operation	<u>33983</u>	<u>27909</u>
Interest Paid	(8921)	(6015)
Taxes paid	(10051)	(11496)
Net cash used in Operating activities	<u>15011</u>	<u>10398</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchase of Fixed assets	(819)	(2809)
Increase in Capital work in Progress	(1353)	(1353)
Sale of Fixed Assets.	Nil	Nil
Interest & Dividend Received	1702	850
Net cash used in Investment activities	<u>(470)</u>	<u>(3312)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Increase in Unsecured Advances	Nil	1162
Decrease in bank borrowings	11326	119
Dividend Paid	Nil	(6004)
Net cash used in Finance activities	<u>11326</u>	<u>(4723)</u>
 NET DECREASE IN CASH EQUIVALENTS (B + C - A)	 <u>25868</u>	 <u>2363</u>
Cash and Cash Equivalents		
Opening Balance	4842	4824
Closing Balance	<u>30710</u>	<u>7187</u>
	<u>25868</u>	<u>2363</u>

( ) Indicates deductions.

Note : Difference in the opening balance of cash & cash equivalent is due to exchange translation difference.

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered Accountants

Sd/-  
**B.F. Chordia**  
Proprietor

Place : Mumbai  
Dated : 27th June, 2009

For **SHANTIVIJAY JEWELS LTD.**  
**P.K. GODHA** (Chairman & M.D)  
**A.K.GODHA** (Vice Chairman & M.D)

Sd/-  
Directors  
**S.S.KASLIWAL**  
**A.R.SHAH**  
**J.B. SHAH**

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Company's interest in the Subsidiary Companies

Name of Subsidiary Company	Shantivijay Jewels International Limited (Mauritius)	Shantivijay Impex FZCO (Dubai-UAE)	Shantivijay Impex DMCC
The financial year of the Subsidiary companies ended on	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2009
Date From which they become subsidiary Companies	22 <sup>nd</sup> May, 1998	24 <sup>th</sup> January, 2004	15 <sup>th</sup> June, 2005
a. Number of shares held by Shantivijay Jewels Limited with its nominees in the subsidiaries at the end of the financial year of the subsidiary companies	450250 Ordinary Shares of US \$ 1/- each fully paid- up.	1(One) Ordinary Shares of AED 100000/- each fully paid- up. (held through Shantivijay Jewels International Limited (Mauritius))	N.A * (*According to local law applicable to DMCC, shares can be issued only after the capital is deposited in a bank account which will be held by Shantivijay Jewels International Limited (Mauritius))
b. Extent of interest of holding company at the end of the financial year of the subsidiary companies	100%	100%	100%
4. The net aggregate amount of the subsidiary companies Profit/(Loss) so far as it concerns the members of the holding Company.			
a. Not dealt with in the holding Company's accounts			
i) For the financial year ended 31st March,2009	US\$ (16999/-) (equivalent to Rs.(781954/-)	US \$ 168940/- (equivalent to Rs. 7771240/-)	US \$ (1362/-) (equivalent to Rs.(62652/-)
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries	US\$ 357506/- (equivalent to Rs.14343141/-)	US \$ 900520/- (equivalent to Rs.36128883/-)	US \$(681/-) (equivalent to Rs.27322/-)
b. Dealt within holding Company's accounts:			
i) for the financial year ended 31 <sup>st</sup> March 2009	NIL	NIL	NIL
ii) For the financial years of the subsidiary companies since they became the holding company's subsidiaries	NIL	NIL	NIL

For SHANTIVIJAY JEWELS LTD.

P.K. GODHA (Chairman & M.D)

A.K.GODHA (Vice Chairman & M.D)

Sd/-  
Directors

S.S.KASLIWAL

A.R.SHAH

J.B. SHAH

Place : Mumbai

Dated : 27th June, 2009

### COMMENTARY OF THE DIRECTORS FOR THE YEAR ENDED 31st MARCH, 2009

#### Activities

The principal activity of the Company is to act as an investment holding company.

#### Results

The results for the year are shown in the Income Statement and related notes.

#### Directors

The present membership of the Board is as under:

Dev Joory (w.e.f. 13.06.1997)

Couldip Basant Lala (w.e.f. 13.06.1997)

Pradeep Godha (w.e.f. 13.06.1997)

Aurag Godha (w.e.f. 13.06.1997)

#### Directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flows of the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Company;
- disclose with reasonable accuracy at any time the financial position of the Company; and

### Independent Auditor's Report to the Shareholders of SHANTIVIJAY JEWELS INTERNATIONAL LIMITED (Company registered under the Companies Act, 2001 of Mauritius)

IFS Court, Twenty Eight, Cybercity,  
Ebene, Mauritius

We have audited the accompanying financial statements of Shantivijay jewels international limited, which comprise the balance sheet as at March 31, 2009, the income statement, statement of changes in equity and statement of cash flows for the period from 1 April 2008 to 31 March 2009 and a summary of significant accounting policies and other explanatory notes as set out on page - 7 to 21. (pages 45 to 50 of this Annual Report).

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

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibilities includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial

- would enable them to ensure that the financial statements comply with the Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

#### Auditors

The auditors, N.R.Doshi & Co. Chartered Accountants, have expressed their willingness to continue in office.

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### CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **SHANTIVIJAY JEWELS INTERNATIONAL LIMITED** under the Companies Act 2001 during the financial year ended 31 March 2009.

#### For International Financial Services Limited Secretary

Sd/-

#### Registered Office:

IFS Court, Twenty Eight, Cybercity,  
Ebene,  
Mauritius

Date: 16 June 2009

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2009 and of its financial performance and its cash flows for the period from 1 April 2008 to 31 March 2009, in accordance with the International Financial Reporting Standards.

#### Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account are maintained by the Company, and the information included in the Board of Directors' report related to the financial statements is in agreement with the books of account.

Sd/-

**N.R. Doshi & Co.**

**Chartered Accountants**

**Dubai, United Arab Emirates**

Date: 16 June 2009

**BALANCE SHEET AS AT 31 MARCH, 2009**

	Notes	2009		2008	
		USD	RUPEES	USD	RUPEES
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investments	4	167,766	8509092	150,861	6052543
Advance to subsidiary	5	621,362	31515480	658,810	26431458
		<u>789,128</u>	<u>40024572</u>	<u>809,671</u>	<u>32484001</u>
<b>Current assets</b>					
Deposits and prepayments	6	3,142	159362	2,197	88143
Cash and cash equivalents	7	3,993	202525	4,043	162205
		<u>7,135</u>	<u>361887</u>	<u>6,240</u>	<u>250348</u>
<b>Total assets</b>		<u>796,263</u>	<u>40386459</u>	<u>815,911</u>	<u>32734349</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	8	450,250	22836680	450,250	18064030
Retained earnings		340,507	17270515	357,506	14343141
		<u>790,757</u>	<u>40107195</u>	<u>807,756</u>	<u>32407171</u>
<b>Non Current liabilities</b>					
Employee terminal benefits		2,344	118888	2,344	94041
		<u>2,344</u>	<u>118888</u>	<u>2,344</u>	<u>94041</u>
<b>Current liabilities</b>					
Accruals		3,162	160377	5,811	233137
		<u>3,162</u>	<u>160377</u>	<u>5,811</u>	<u>233137</u>
<b>Total equity and liabilities</b>		<u>796,263</u>	<u>40386459</u>	<u>815,911</u>	<u>32734349</u>

Approved by the Board of Directors on 16 June 2009  
and signed on its behalf by:

Sd/-

Director

Sd/-

Director

The notes on pages 11 to 21 form an integral part of these financial statements.  
(pages 45 to 50 of this Annual Report)

**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009**

	2009		2008	
	USD	RUPEES	USD	RUPEES
<b>Income</b>	0	0	0	0
<b>Expenses</b>				
Administration expenses	6,720	309120	5,956	239610
Directors fees	2,398	110308	1,848	74345
Secretarial fees	1,449	66654	1,250	50288
FSC Licence fees	1,500	67500	1,500	60345
Audit fees	3,270	150420	1,635	65776
ROC fees	250	11500	250	10057
Bank charges	50	2300	50	2011
Write off of over provision of expense	—	—	(9,353)	(376271)
Foreign exchange loss	1,362	62652	—	—
	<u>(16,999)</u>	<u>(781954)</u>	<u>(3,136)</u>	<u>(126161)</u>
<b>Net loss for the year</b>	<u>(16,999)</u>	<u>(781954)</u>	<u>(3,136)</u>	<u>(126161)</u>

The notes on pages 11 to 21 form an integral part of these financial statements. (pages 45 to 50 of this Annual Report)

**STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 MARCH, 2009**

	Share Capital		Retained Earnings		Total	
	USD	RUPEES	USD	RUPEES	USD	RUPEES
At 1 April 2007	450,250	22836680	360,642	18291762	810,892	41128442
Net loss for the year	—	—	(3,136)	(159058)	(3,136)	(159058)
<b>At 31 March 2008</b>	<b>450,250</b>	<b>22836680</b>	<b>357,506</b>	<b>18132704</b>	<b>807,756</b>	<b>40969384</b>
Net loss for the year	—	—	(16,999)	(862189)	(16,999)	(862189)
<b>At 31 March 2009</b>	<b>450,250</b>	<b>22836680</b>	<b>340,507</b>	<b>17270515</b>	<b>790,757</b>	<b>40107195</b>

The notes on pages 11 to 21 form an integral part of these financial statements. (pages 45 to 50 of this Annual Report)

## SHANTIVIJAY JEWELS INTERNATIONAL LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2009

	2009		2008	
	USD	RUPEES	USD	RUPEES
<b>Cash flow from operating activities</b>				
Net loss for the year	(16,999)	(862189)	(3,136)	(125816)
<i>Adjustment</i>				
Write off of over provision	—	—	(9,353)	(375242)
Unrealised foreign exchange loss	1,362	69081	—	—
<i>Changes in working capital</i>				
Increase in deposits and prepayments	(945)	(47930)	(152)	(6098)
(Decrease) / increase in accruals and provisions	(2,649)	(134357)	2,121	85095
<b>Net cash used in operating activities</b>	<b>(19,231)</b>	<b>(975396)</b>	<b>(10,520)</b>	<b>(422061)</b>
<b>Cash flow from investing activities</b>				
Investment in subsidiary	(16,905)	(857422)	(50,587)	(2029550)
<b>Net cash flow used in investing activities</b>	<b>(16,905)</b>	<b>(857422)</b>	<b>(50,587)</b>	<b>(2029550)</b>
<b>Cash flow from financing activities</b>				
Repayment from Shantivijay Impex FZCO	37,448	1899363	61,057	2449607
<b>Net cash flow from financing activities</b>	<b>37,448</b>	<b>1899363</b>	<b>61,057</b>	<b>2449607</b>
<b>Net decrease in cash and cash equivalents</b>	<b>1,312</b>	<b>66545</b>	<b>(50)</b>	<b>(2006)</b>
Cash and cash equivalents at beginning of year	4,043	205061	4,093	164211
Effect of exchange rates	(1,362)	(69081)	—	—
<b>Cash and cash equivalents at end of year</b>	<b>3,993</b>	<b>202525</b>	<b>4,043</b>	<b>162205</b>

The notes on pages 11 to 21 form an integral part of these financial statements. (pages 45 to 50 of this Annual Report)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

#### 1. GENERAL INFORMATION

The Company was incorporated in Mauritius under the Companies Act 1984 on 13 June 1997 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The address of the Company's registered office is IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The principal activity of the Company is to act as an investment holding Company.

The financial statements of the Company are expressed in United States Dollars ("USD"), the currency of the primary economic environment in which the Company operates

#### 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

##### (a) Basis of Preparation

The financial statements have been prepared in accordance and comply with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors,

including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical estimates or judgments made by the Company for the year ended 31 March 2009.

The financial statements have been prepared on a historical cost basis.

##### (b) Foreign Currencies

###### i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

###### ii. Transaction and balance

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Contd..

**(c) Expense recognition**

All expenses are accounted for in the Income statement on the accrual basis

**(d) Financial Instruments**

Financial instruments carried on the balance sheet include investments, advance to subsidiary, cash and cash equivalents, employee terminal benefits, and accruals. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 10.

**(e) Investments in subsidiary**

Subsidiary is an entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or currently convertible are considered when assessing whether the Company controls another entity.

Consolidated financial statements have not been presented as the Company is itself a wholly-owned subsidiary of Shantivijay Jewels India. The investments in the subsidiaries are classified at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the income statement. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

*Consolidated financial statements*

The Company owns 100% of the share capital of Shantivijay Impex FZCO and Shantivijay Impex DMCC. The Company has the power to govern the financial and operating policies of the subsidiaries and consolidated financial statements need to be prepared to comply with International Accounting Standard (IAS) 27, "Consolidated and Separate Financial Statements".

The ultimate holding company, Shantivijay Jewels International Ltd., India., presents the consolidated financial statements under Accounting Standards applicable in India. However, the directors are of the opinion that the preparation of consolidated financial statements for the Company in accordance with IAS 27 would entail significant time costs, which would not serve a meaningful purpose either to the Company or its shareholder. Therefore, consolidated financial statements have not been prepared.

**(f) Trade Receivables**

Trade Receivables are carried at anticipated realisable value. A provision is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents comprises of cash at bank and cash in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

**(h) Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Employee entitlements to employee terminal benefits are recognised when they accrue to employees. A provision is made for the estimated liability for employee terminal benefits as a result of services rendered by employees up to the balance sheet date. Provision made for employee terminal benefits are disclosed as non-current liabilities. Other provisions are disclosed as current liabilities.

**(i) Deferred Taxation**

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacting tax rates are used to determine deferred tax.

The principal temporary differences arise from loss carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be used.

**(j) Related parties**

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies that would affect the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 1 and IAS 27	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
IAS 39 and IFRS 7	Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Reclassification of Financial Assets
IAS 39	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
IFRS 2	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations

*Contd..*

## SHANTIVIJAY JEWELS INTERNATIONAL LIMITED

IFRS 3	Business Combinations (Revised 2008)
IFRS 8	Operating Segments
IAS 1	Presentation of Financial Statements (Revised 2008)
IAS 23	Borrowing Costs (Revised 2008)
IAS 27	Consolidated and Separate Financial Statements (Revised 2008)
IIAS 32	Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19-The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company's financial performance and financial position. The Company will apply IAS 1, *Presentation of Financial Statements*, as from 01 April 2009.

#### 4. INVESTMENTS

	%	2009		2008	
		USD	RUPEES	USD	RUPEES
Shantivijay Impex FZCO	100%	27,248	1382019	27,248	1093190
Shantivijay Impex DMCC	100%	140,518	7127073	123,613	4959353
		<u>167,766</u>	<u>8509092</u>	<u>150,861</u>	<u>6052543</u>

The Company has 100% shareholdings in Shantivijay Impex FZCO and Shantivijay DMCC and these companies are considered as subsidiaries since the Company has the power to govern their financial and operating policy decisions. The subsidiaries are engaged business of trading in gems and diamond jewellery. Consolidated financial statements need to be prepared to comply with International Accounting Standards 27, Consolidated and Separate Financial Statements.

As explained in note 2(e) no consolidated financial statements have been prepared.

#### 5. ADVANCE TO SUBSIDIARY

	2009		2008	
	USD	RUPEES	USD	RUPEES
Amount due from Shantivijay Impex FZCO	621,362	31515481	658,810	26431458
	<u>621,362</u>	<u>31515481</u>	<u>658,810</u>	<u>26431458</u>

The Advance is interest free, unsecured and repayable after more than one year.

#### 6. DEPOSITS AND PREPAYMENTS

	2009		2008	
	USD	RUPEES	USD	RUPEES
Licence fees	378	19172	522	20943
Secretarial fees	374	18969	253	10150
Directors fees	623	31599	405	16249
Deposits	829	42047	829	33259
ROC Fees	188	9535	188	7542
Advances for Expenses	750	38040	-	-
	<u>3,142</u>	<u>159362</u>	<u>2,197</u>	<u>88143</u>

#### 7. CASH AND CASH EQUIVALENTS

	2009		2008	
	USD	RUPEES	USD	RUPEES
Cash in hand	705	35758	705	28285
Cash at bank	3,288	166767	3,338	133920
	<u>3,993</u>	<u>202525</u>	<u>4,043</u>	<u>162205</u>

#### 8. ISSUED CAPITAL

	2009		2008	
	USD	RUPEES	USD	RUPEES
<i>Authorised</i> 500,000 Ordinary shares of USD 1 each	500,000	25360000	500,000	20060000
<i>Issued and fully paid:</i> 450,250 Ordinary shares of USD 1 each	450,250	22836680	450,250	18064030

#### 9. TAXATION

Under current laws and regulations the Company is liable to tax at the rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax payable on its foreign source income thus reducing the maximum effective tax rate to 3%.

No Mauritian capital gain tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its shareholders will be exempt in Mauritius from any withholding tax.

The Company expects to benefit from the double taxation treaty between Mauritius and India and has received a certificate from the Mauritian Authorities, which is renewable annually subject to meeting certain conditions, certifying that it is a resident of Mauritius.

At 31 March 2009, the Company had accumulated tax losses amounting to USD35,123 (Rs.16,15,658/-) (2008: USD19,486 Rs.8,57,666/-) and, therefore, no provision for income tax arises for the year. The accumulated tax losses would be carried forward and offset against taxable income as follows:

up to year ending 31 March 2011	: USD8,503
up to year ending 31 March 2012	: USD7,847
up to year ending 31 March 2013	: USD3,136
up to year ending 31 March 2014	: USD15,637

Contd..



*Tax reconciliation*

Reconciliation between the actual income tax rate of 0% (2008 - 0%) and the applicable income tax rate of 15% (2008 - 15%) is as follows:

	2009	2008
(As a percentage of loss before taxation)	%	%
Applicable income tax rate	(15.00)	(15.00)
Impact of :		
Deferred tax assets not recognised	15.00	15.00
Actual income tax rate	0.00	0.00

*Deferred tax*

A deferred tax asset of USD1,054 (2008 : USD585) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

**10. FINANCIAL INSTRUMENTS**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit

*The currency profile of the financial assets and liabilities are as follows:*

	2009		2009		2008		2008	
	Financial Assets		Financial Liabilities		Financial Assets		Financial Liabilities	
	USD	RUPEES	USD	RUPEES	USD	RUPEES	USD	RUPEES
U.A.E Dirhams	789,833	40060330	0	0	810,376	32512285	0	0
United States Dollars	3,288	166767	3,162	160377	3,338	133921	5,811	233137
	<u>793,121</u>	<u>40227097</u>	<u>3,162</u>	<u>160377</u>	<u>813,714</u>	<u>32646206</u>	<u>5,811</u>	<u>233137</u>

*Credit risk*

Financial assets, which potentially expose the Company to credit risk, comprises mainly of investments, advances to subsidiaries and cash balances. and

The Company's bank deposit is with reputable bank with high quality external credit ratings, hence minimising its credit risk.

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the statement of financial position date was:

	2009		2008	
	USD	RUPEES	USD	RUPEES
Investments	167,766	8509092	150,861	6052543
Advance to subsidiaries	621,362	31515481	658,810	26431458
Cash and cash equivalents	3,993	202525	4,043	162205
	<u>793,121</u>	<u>40227097</u>	<u>813,714</u>	<u>32646206</u>

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The main cash outflows relate to payments of day to day expenses. The cash balance is not sufficient to cater for the day to day running expenses of the Company. The Company therefore relies on the continued financial support of its holding company to meet these obligations in the foreseeable future.

risk and liquidity risk. The Company's risk management is coordinated by the Administrator in close co-operation with the Board of Directors and focuses on securing the Company's short to medium term cash flows by minimising the exposure to financial risks. The Company's investment is managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets and derivatives for speculative purposes. The most significant financial risks to which the Company is exposed to are described below.

**(a) Market risk**

*(i) Interest Rate risk*

There is no interest rate risk as there are no borrowings from Bank or third party.

*(ii) Foreign exchange risk*

The Company invests in shares denominated in U.A.E Dirhams. Consequently, the Company is exposed to the risk that the exchange rate of the United States Dollars (USD) relative to the U.A.E Dirhams may change in a manner which has a material effect on the reported values of the Company's assets which are denominated in U.A.E.

*Concentration risk*

The Company has invested in unlisted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such companies is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investments existed.

**11. RELATED PARTY TRANSACTIONS**

The Company in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standards 24. The management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

Related parties represent shareholders, directors and key management personnel of the Company of which they are principal owners. The terms are not significantly different from those that could have been obtained from third parties. All the transactions are carried out at arm's length.

*Contd..*

## SHANTIVIJAY JEWELS INTERNATIONAL LIMITED

The related parties of the Company are as under:

- (i) Shantivijay Jewels Ltd - Mumbai, India - Parent Company
- (ii) Shantivijay Impex FZCO - Gold and Diamond Park, U.A.E. It is a wholly owned subsidiary.

(iii) Shantivijay Impex DMCC - U.A.E. It is a wholly owned subsidiary.

(iv) International Financial Services Limited - Secretary, Mauritius. The Directors of the Company are also directors in the above company.

Nature of relationship	Nature of transactions	Volume of transactions		Debit/(credit) balances at 31 March 2009		Debit/(credit) balances at 31 March 2008	
		USD	RUPEES	USD	RUPEES	USD	RUPEES
Subsidiary companies	Advances	37,448	1899363	621,362	31515481	658,810	26431457

- (i) Two directors of the Company, Messrs Couldip Basanta Lala and Kapil Dev Joory are also directors/officers of International Financial Services Limited (the "Administrator") and hence deemed to have beneficial interests in the Service Agreement between the Company and the Administrator.

Directors and secretarial fees incurred during the year amounted to USD3,847 (Rs. 176962/-) (2008 - USD3,098 Rs.124633/-) whereas Administration fees amounted to USD6,720 Rs. 309120/-(2008 - USD5,956 Rs. 239610/-)

### 12. PREVIOUS YEARS' FIGURES

Previous year's figures are re-grouped or re-classified wherever necessary so as to conform to the current year's presentation.

### 13. HOLDING COMPANY

The Company regards Shantivijay Jewels Ltd, incorporated in India as its immediate Holding company.

### 14. SIGNIFICANT EVENTS

There were no significant events occurring after the balance sheet date, which requires disclosure in the financial statements.

**BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDER****Results and dividends**

The net profit of the Company for the year ended March 31, 2009 amounted to USD.168,940/-Rs. 7,771,240/-

**Review of the Business**

The Company was incorporated in United Arab Emirates on January 24, 2004 and is engaged in the business of trading in gems and jewellery.

Sales increased by 4.17 % amounted to USD.4,214,723/- (Rs. 193,877,258/-) as compared to previous year. Gross margin on Sales is 7.21 % as compared to 9.29 % in the previous year.

**Auditors**

A resolution to re-appoint N.R.Doshi & Co., Chartered Accountants as Auditors and fix their remuneration will be put to the shareholder at the Annual General Meeting.

On behalf of the Board

Sd/-

Pradeepkumar Godha  
Director

Date: May 5, 2009

**Independent Auditor's Report to the Shareholders of SHANTIVIJAY IMPEX FZCO**

P.O. Box 62380, Gold and Diamond Park, Dubai - United Arab Emirates

We have audited the accompanying financial statements of **Shantivijay Impex FZCO**, which comprise the balance sheet as at March 31, 2009, the income statement, statement of changes in equity and statement of cash flows for the period from April 1, 2008 to March 31, 2009 and a summary of significant accounting policies and other explanatory notes as set out on page - 4 to 14. (pages 52 to 55 of this Annual Report).

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

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibilities includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in

accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of March 31, 2009 and of its financial performance and its cash flows for the period from April 1, 2008 to March 31, 2009, in accordance with the International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

Also, in our opinion, proper books of account are maintained by the Company, and the information included in the Board of Directors' report related to the financial statements is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the implementing Regulations No.1/2002 for gold and diamond park companies issued pursuant to Law no. 2 of 1986 & U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended) during the period under audit, which might have a material effect on the financial position of the Company or on the results of its operations for the period from April 1, 2008 to March 31, 2009.

Sd/-

N.R. Doshi & Co.  
Chartered Accountants  
Dubai, United Arab Emirates

Date : May 5, 2009

**BALANCE SHEET AS AT MARCH 31, 2009**

All figures are expressed in U.S. Dollars

	Note	31.3.2009		31.3.2008	
		US \$	RUPEES	US \$	RUPEES
Property, Plant and Equipment (Net)	SCH	2,512	127,409	3,374	135,405
<b>Current Assets</b>					
Inventories	3	1,595,699	80,933,853	1,896,683	76,094,922
Trade Receivables	4	1,128,797	57,252,584	1,121,356	44,988,790
Cash and Bank Balances	5	59,361	3,010,790	88,143	3,536,297
Deposits, Advances and Prepayments		28,696	1,455,461	24,492	982,619
Other receivables	8	1,362	69,081	681	27,322
	(A)	2,813,915	142,721,769	3,131,355	
125,629,950					
<b>Current Liabilities</b>					
Trade Payables	6,8	1,048,608	53,185,379	1,496,223	60,028,473
Advance received from customers		46,670	2,367,102	50,497	2,025,940
Accruals and Provisions		3,079	156,167	1,431	57,412
	(B)	1,098,357	55,708,648	1,548,151	62,111,825
<b>Net Current Assets</b>	(A - B)	1,715,558	87,013,121	1,583,204	63,518,125
<b>Net Assets</b>		1,718,070	87,140,530	1,586,578	63,653,530
<b>Shareholders' Equity</b>					
Share Capital	1a	27,248	1,382,019	27,248	1,093,190
Accumulated profits		1,069,460	54,243,030	900,520	36,128,883
Shareholder's loan		621,362	31,515,481	658,810	26,431,457
		1,718,070	87,140,530	1,586,578	63,653,530

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgement underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation. These financial statements on pages 4 to 15 (pages 52 to 55 of this Annual Report) are approved on May 5, 2009 and signed by

**On behalf of the Board**

Sd/-

**Mr. Pradeepkumar Godha**  
 Director

**STATEMENT OF CHANGES IN EQUITY**  
 Year Ended March 31, 2009

	Share Capital		Accumulated profits		Shareholder's loan	
	US\$	Rupees	US\$	Rupees	US\$	Rupees
Balance as at 01.04.2007	27,248	1,382,019	600,749	30,469,989	703,004	35,656,363
Transfer from Income Statement	0	0	299,771	15,204,385	0	0
Loan introduced	0	0	0	0	(44,194)	(2,241,520)
<b>Balance as at 31.3.2008</b>	<b>27,248</b>	<b>1,382,019</b>	<b>900,520</b>	<b>45,674,374</b>	<b>658,810</b>	<b>33,414,843</b>
Transfer from Income Statement	0	0	168,940	8,568,637	0	0
Loan withdrawn	0	0	0	0	(37,448)	(1,899,363)
<b>Balance as at 31.3.2009</b>	<b>27,248</b>	<b>1,382,019</b>	<b>1,069,460</b>	<b>54,243,011</b>	<b>621,362</b>	<b>31,515,480</b>

**INCOME STATEMENT**
**Year ended March 31, 2009**

All figures are expressed in U.S. Dollars

	Note	01.04.2008	01.04.2008	01.04.2007	01.04.2007
		to	to	to	to
		31.03.2009	31.03.2009	31.03.2008	31.03.2008
		US \$	RUPEES	US \$	RUPEES
<b>Sales</b>		4,214,723	193,877,258	4,045,990	162,770,178
Cost of Sales	7	(3,910,844)	(179,898,824)	(3,670,244)	(147,653,916)
<b>Gross Profit</b>		<b>303,879</b>	<b>13,978,434</b>	<b>375,746</b>	<b>15,116,262</b>
<b>Expenses</b>					
Salaries and Benefits		12,452	572,792	12,774	513,898
Rent		47,051	2,164,346	35,467	1,426,837
Depreciation		862	39,652	3,627	145,914
Other Administrative Expenses		74,574	3,430,404	24,107	969,784
<b>Sub- total</b>		<b>(134,939)</b>	<b>(6,207,194)</b>	<b>(75,975)</b>	<b>(3,056,433)</b>
<b>Profit from operations</b>		<b>168,940</b>	<b>7,771,240</b>	<b>299,771</b>	<b>12,059,828</b>
Other Income		-	0	-	0
<b>Net Profit taken to Accumulated profits</b>		<b>168,940</b>	<b>7,771,240</b>	<b>299,771</b>	<b>12,059,828</b>

These financial statements on pages - 4 to 15 (pages 52 to 55 of this Annual Report) are approved on May 5, 2009 and signed by

**On behalf of the Board**

Sd/-

**Mr. Pradeepkumar Godha**  
 Director

**PROPERTY, PLANT AND EQUIPMENT - SCHEDULE**  
 Year Ended : March 31, 2009

Particulars	Furnitures, Fixtures & Office Equipments		Total
	US \$	RUPEES	
Rate of Depreciation	25 %		
<b>Cost</b>			
As at 01.04.2008	12,530		635,522
Additions	0		0
As at 31.03.2009	12,530		635,522
<b>Depreciation</b>			
As at 01.04.2008	9,156		464,392
For the year	862		43,721
As at 31.03.2009	10,018		508,113
<b>Net Value</b>			
As at 31.03.2009	2,512		127,409

## CASH FLOW STATEMENT

### Year Ended March 31, 2009

All figures are expressed in U.S. Dollars

	Note	01.04.2008- 31.03.2009 US\$	01.04.2008- 31.03.2009 Rupees	01.04.2007- 31.03.2008 US\$	01.04.2007- 31.03.2008 Rupees
<b>I. Cash Flow from Operating Activities</b>					
Net Profit		168,940	8,568,637	299,771	12,026,813
<b>Adjustments :</b>					
Depreciation		862	43,721	3,627	145,515
<b>Operating profit before changes in Operating Assets and Liabilities</b>		<b>169,802</b>	<b>8,612,358</b>	<b>303,398</b>	<b>12,172,328</b>
Decrease / (Increase) in Inventories		300,984	15,265,908	(94,157)	(3,777,579)
Increase in Trade Receivables		(7,441)	(377,408)	(47,271)	(1,896,513)
Increase in Deposit, advances and prepayments		(4,204)	(213,227)	(7,485)	(300,298)
Decrease in Trade Payables		(447,615)	(22,703,033)	(96,528)	(3,872,703)
(Decrease) / Increase in Advance received from customers		(3,827)	(194,105)	48,614	1,950,394
Increase in Accruals and Provisions		1,648	83,587	246	9,870
<b>Net Cash flow from Operating Activities</b>		<b>9,347</b>	<b>474,080</b>	<b>106,817</b>	<b>4,285,499</b>
<b>II. Cash Flow from Investing Activities</b>					
Purchase of property, plant and equipment		0	0	(3,447)	(138,294)
Increase in other receivables		(681)	(34,540)	(681)	(27,322)
<b>Net Cash used in Investing Activities</b>		<b>(681)</b>	<b>(34,540)</b>	<b>(4,128)</b>	<b>(165,616)</b>
<b>III. Cash Flow from Financing Activities</b>					
Decrease in loan from share holder		(37,448)	(1,899,363)	(44,194)	(1,773,063)
<b>Net Cash flow used in Financing Activities</b>		<b>(37,448)</b>	<b>(1,899,363)</b>	<b>(44,194)</b>	<b>(1,773,063)</b>
<b>(Decrease) / Increase in Cash and Cash Equivalents ( i + ii + iii )</b>					
Cash and Cash Equivalents as at 01.4.2008	(Note 2j, 5 )	88,143	4,470,613	29,648	1,189,438
Cash and Cash Equivalents as at 31.3.2009	(Note 2j, 5 )	59,361	3,010,790	88,143	3,536,257
<b>Supplemental Cash Flow Statement Information</b>					
<b>Non-Cash transactions</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## ACCOUNTING POLICIES AND EXPLANATORY NOTES

### Year Ended : March 31, 2009

All figures are expressed in U.S. Dollars

#### 1. Legal Status, Business Activities and Management

##### a. Legal Status

SHANTIVIJAY IMPEX FZCO is registered as a Free Zone Company with limited liability in compliance with the Implementing Regulations No. 1/ 2002 of Gold and Diamond Park issued pursuant to Law No. 2 of 1986 & The UAE Federal Law No. (8) of 1984 regarding Commercial Companies Act and its amendments

The Jebel Ali Free Zone Authority, Dubai, U.A.E. has issued Certificate of Formation No. 0715 dated January 24, 2004 and the Trade Licence No. 9632 dated January 24, 2004.

The registered office of the company is located at Unit No. G50A, Gold and Diamond Park, Sheikh Zayed Road, Dubai, U.A.E.

The issued and fully paid up capital of the company is AED.100,000/- (equivalent to USD.27,248/-) divided into one ordinary shares of AED.100,000/-. The following is the shareholder of the company :

	No. of Shares
ShantiVijay Jewels International Limited, Mauritius	1

##### b. Business Activities

The company is engaged in the business of trading in gems and diamond jewellery.

##### c. Management

The company is managed by following board of directors:

1. Mr. Pradeepkumar Godha
2. Mr. Anurag Godha

#### 2. Accounting Policies

The following accounting policies have been consistently applied by the management in the preparation of the Financial Statements.

Contd...

The Financial Statements are prepared in accordance with and comply with the requirements of each applicable International Financial Reporting Standard (IFRS) and each applicable Interpretation of the International Financial Reporting Interpretations Committee (IFRIC). IFRS also includes International Accounting Standards (IAS) and Interpretation of Standing Interpretation Committee (SIC).

**a. Accounting Basis**

These Financial Statements, except for the cash flow information are prepared under the accrual basis of accounting. Under the accrual basis of accounting, transactions and events are recognised when they occur and not as cash or its equivalent is received or paid and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

**b. Measurement Basis**

These Financial Statements have been prepared under historical cost basis as revalued at fair value for financial assets & financial liabilities under income statement.

**c. Preparation Basis**

The Financial statement are prepared in U.S. Dollars which is considered to be the company's principal trading currency.

**d. Property, Plant and Equipment**

The cost of property, plant and equipment is their purchase cost together with any incidental expenses of acquisition.

Depreciation on property, plant and equipment has been computed on Straight Line Method at the annual rates estimated to write off the cost of the assets over its expected useful lives as under :

Furniture and Fixtures	4 years - (25%)
Office Equipment	4 years - (25%)

**e. Inventories**

Inventories have been valued at lower of cost and net realisable value. Cost is determined by using the first in first out (FIFO) method. Cost includes only purchase costs. Other expenses incurred in bringing the inventories to their present location and condition are not accounted in inventories. Net realisable value is the estimate of selling price in the ordinary course of business.

**f. Trade Receivables**

Trade Receivables are carried at anticipated realisable value. A provision is made for doubtful receivables based on a review of all outstanding amounts at the period end. Bad debts are written off during the period in which they are identified.

**g. Provisions**

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**h. Foreign Currencies**

- Transactions in foreign currencies are converted into U.S. Dollars at rates ruling when entered into.
- Foreign currency balances are converted into U.S. Dollars at the rate of exchange ruling at the Balance Sheet date.
- Resultant gain or loss is taken to Income Statement.

**i. Revenue Recognition**

Sales are recognised when the company has transferred to the buyer the significant risks and rewards of the ownership of goods.

**j. Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of Cash flow Statement comprises of cash on hand, current accounts, bank overdrafts repayable on demand and bank deposits free from lien with a maturity date of three months or less from the date of deposit.

**k. Impairment of Assets**

Assets that have indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events for changes in circumstances indicates that carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the assets carrying value exceeds its recoverable amount. Recoverable amount is higher of value in use and the realisable amount of the asset.

	2008-09		2007-08	
	USD	Rs.	USD	Rs.
<b>3. Inventories</b>				
Diamond Jewellery	1,595,699	80,933,853	1,896,683	76094922
<b>4. Trade Receivables</b>				
Trade Debtors	1,128,797	57,252,584	1,121,356	44988790
<b>5. Cash and Bank Balances</b>				
Cash on hand	0	0	5	201
<b>Balances with Bank in :</b>				
- Current Account	59,361	3,010,790	88,138	3536096
	59,361	3,010,790	88,143	3,536,297
<b>6. Trade Payables</b>				
Trade Creditors	1,048,608	53,185,379	1,496,223	60028473
<b>7. Cost of Sales</b>				
Inventory as at 01.04.2008	1,896,683	76,094,922	1,802,526	78193578
Purchases and Direct Expenses	3,609,860	184,737,755	3,764,401	145555260
Inventory as at 31.3.2009	(1,595,699)	(80,933,853)	(1,896,683)	(76094922)
	3,910,844	179,898,824	3,670,244	147,653,916

**8. Related Party Transactions**

TRelated parties represent shareholders, directors and key management personnel of the company and companies of which they are principal owners. The terms of transactions are not significantly different from those that could have been obtained from third parties. All the transactions are carried out at arm's length.

The summary of transactions entered into during the year and balances with related parties as at March 31, 2009 are as under:

**i. Shantivijay Jewels Ltd.- Mumbai, India.**

Purchases	247,150	10,235,326	660,365	26,451,959
Sales	191,000	7,725,950	261,604	11,399,400
Trade Payables	71,501	3,626,480	440,275	17,663,833

**ii. Shantivijay Jewels International Limited, Port louis, Mauritius.**

Shareholder's loan	621,362	31,515,481	658,810	26,431,457
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Contd...

## iii. Shantivijay Impex DMCC, U.A.E. - Under Incorporation

Other Receivables	<u>1,362</u>	<u>69,081</u>	<u>681</u>	<u>27,322</u>
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## 9. Financial Instruments

In accordance with the International Accounting Standards 32 regarding financial instruments the following disclosures are made.

Financial instruments means financial assets, financial liabilities and equity instruments.

Financial assets include cash and bank balances, trade receivables, advances, deposits and other receivable. Financial liabilities include trade payables, accruals and advance received from customers.

## A. Fair Values

The fair values of the company's financial assets and liabilities approximate to their carrying value.

## B. Credit Risk, Interest Rate Risk and Exchange Rate Risk Exposure

## i. Credit Risk

Financial assets, which potentially expose the company to credit risk comprises principally of bank balances and Trade Receivables.

- The company's bank current account are placed with high credit quality financial institutions.
- As at March 31, 2009, top five trade receivable represents 92.44% of the total trade receivable outstanding. (As at 31.3.2008 - 80.12 %)

Country-wise break-up of trade receivables in % :

Country	As at 31.03.2009	As at 31.03.2008
Spain	33.43%	30.33%
U.A.E	18.69%	14.26%
Saudi Arabia	17.24%	10.31%
Japan	19.02%	19.19%
UK	5.60%	18.08%
Other	6.02%	7.83%
	<u>100.00%</u>	<u>100.00%</u>

## ii. Interest Rate Risk

Since there is no third party borrowing, company is not exposed to any interest rate risk. Loan from shareholder is interest free.

## iii. Exchange Rate Risks

There is no exchange rate risk as substantially all the transactions are denominated in U.A.E Dirhams or US Dollars to which the U.A.E Dirham is fixed.

## 10. Significant Events occurring after the Balance Sheet date

There were no significant events occurring after the balance sheet date which require disclosure in the financial statements.

## 11. Number of Personnel

	31.03.2009	31.03.2008
Director	<u>1</u>	<u>1</u>
Sales	<u>1</u>	<u>1</u>
	<u>2</u>	<u>2</u>

## 12. Previous year's Figures

Previous year's figures have been re-grouped or re-classified wherever necessary so as to conform to the current year's presentation.

## 13. Critical Accounting Estimates and Judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the current year, there are no estimates or judgements that are critical.

- All the assets as shown in the financial statements are existing and realisable at the amounts shown against them and there are no liabilities against the company, contingent or otherwise, not included in the above financial statements

## Year Ended : March 31, 2009

## 1. Financial Information

## • Significant Values and Ratios :

Ratios	1.4.2008 to 31.3.2009	1.4.2007 to 31.3.2008
Gross Profit (%)	7.21	9.29
Net Profit (%)	4.01	7.41
Current Ratio	2.56	2.02
Debtors collection (Days)	98	101
Inventories holding period (Days)	149	189
Return on Average Investment (%)	10.22	21.00

## • Name of Bankers

Standard Chartered Bank  
Dubai, U.A.E.

## • Accounting Software

The company is using Tally 7.2 accounting software. The financial accounts are integrated with inventory accounts.

## Period : March 31, 2008

Particulars	Furnitures, Fixtures & Office Equipments	Total
	US \$	RUPEES
Rate of Depreciation	25%	
<b>Cost</b>		
As at 01.04.2007	9,083	401,784
Additions	<u>3,447</u>	<u>127,146</u>
As at 31.03.2008	<u>12,530</u>	<u>528,930</u>
<b>Depreciation</b>		
As at 01.04.2007	5,529	247,611
For the year	<u>3,627</u>	<u>145,914</u>
As at 31.03.2008	<u>9,156</u>	<u>393,525</u>
<b>Net Value</b>		
As at 31.03.2008	<u>3,374</u>	<u>135,405</u>

## SHANTIVIJAY IMPEX DMCC

### DIRECTOR'S REPORT TO THE SHAREHOLDER

The director submits its report and audited financial statements for the year ended March 31, 2009.

#### Results and Dividends

There is no operations in the company during the period.

#### Review of the Business

Shantivijay Impex DMCC is under incorporation.

Sd/-

Authorised Signatory

Date: May 6, 2009

### Independent Auditor's Report to the Shareholder of Shantivijay Impex DMCC (Under Incorporation) P.O. Box 62380, Dubai Multi Commodities Centre, Dubai, United Arab Emirates

We have audited the accompanying financial statements of **SHANTIVIJAY IMPEX DMCC (Under Incorporation)**, which comprise the balance sheet as at March 31, 2009, the income statement, statement of changes in equity and statement of cash flows for the year from April 1, 2008 to March 31, 2009 and a summary of significant accounting policies and other explanatory notes as set out on page - 4 to 11. Shantivijay Impex DMCC is under Incorporation. (page 57 of this Annual Report).

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

Management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibilities includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of March 31, 2009 and of its financial performance and its cash flows for the year from April 1, 2008 to March 31, 2009, in accordance with the International Financial Reporting Standards.

#### Report on Other Legal and Regulatory Requirements

Also, in our opinion, proper books of account are maintained by the Company, and the information included in the Directors' report related to the financial statements is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the DMCC company regulation, 2003 (Regulation No. 1/2003) during the period under audit, which might have a material effect on the financial position of the Company or on the results of its operations for the year from April 1, 2008 to March 31, 2009.

Sd/-

N.R. Doshi & Co.

Chartered Accountants  
Dubai, United Arab Emirates  
Date : May 6, 2009.

### BALANCE SHEET AS AT MARCH 31, 2008

All figures are expressed in U.S. Dollars.

SCH	31.03.2009		31.03.2008	
	US \$	RUPEES	US \$	RUPEES
Property, Plant and Equipment (net)	140,518	7,127,073	0	0
Capital work in progress	3	0	123,613	4,959,354
Current Assets		0	0	0
(A)	0	0	0	0
Current Liabilities				
Accruals and Provisions		681	34,540	0
Other payable	4	1,362	69,081	681
(B)	2,043	103,621	681	27,322
Net Current Assets	(A - B)	(2,043)	(103,621)	(681)
Net Assets		138,475	7,023,452	122,932
Financed by				
Share Capital	1a	0	0	0
Accumulated loss		(2,043)	(103,621)	(681)
Shareholder's Account	4	140,518	7,127,073	4,959,354
		138,475	7,023,452	122,932
			4,932,032	

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation. These financial statements on pages 4 to 11 (page 57 of this Annual Report) are approved on May 6, 2009 and signed by

Sd/-

Authorised Signatory

Date: May 6, 2009

### INCOME STATEMENT

#### Year ended : March 31, 2009

All figures are expressed in U.S. Dollars.

	31.03.2009		31.03.2008	
	US \$	RUPEES	US \$	RUPEES
Sales	0	0	0	0
Cost of Sales	0	0	0	0
Gross Loss	0	0	0	0
Expenses				
Other Administrative Expenses	1362	62652	681	27,397
Total Expenses	(1,362)	(62,652)	(681)	(27,397)
Net Loss for the year taken to Accumulated losses	(1,362)	(62,652)	(681)	(27,397)

These financial statements on pages - 4 to 11 (page 57 of this Annual Report) are approved on May 6, 2009 and signed by

Sd/-

Authorised Signatory

Date : May 6, 2009.



**STATEMENT OF CHANGES IN EQUITY**

Year ended : March 31, 2009

All figures are expressed in U.S. Dollars.

	Share Capital		Shareholder's Account		Accumulated Loss	
	US \$	RUPEES	US \$	RUPEES	US \$	RUPEES
Balance as at 01.04.2007	0	89,889	455,917	0	0	0
Funds introduced ( Net )	0	33,724	1,710,481	0	0	0
Transfer from Income Statement	0	0	0	(681)	(34,540)	
<b>Balance as at 31.03.2008</b>	<b>0</b>	<b>123,613</b>	<b>6,269,651</b>	<b>(681)</b>	<b>(34,540)</b>	
Funds introduced ( Net )	0	16,905	857,422	0	0	0
Transfer from Income Statement	0	0	0	(1,362)	(69,081)	
<b>Balance as at 31.03.2009</b>	<b>0</b>	<b>140,518</b>	<b>7,127,073</b>	<b>(2,043)</b>	<b>(103,621)</b>	

**CASH FLOW STATEMENT**

Year ended : March 31, 2009

All figures are expressed in U.S. Dollars.

	31.03.2009		31.03.2008	
	US \$	RUPEES	US \$	RUPEES
<b>I. Cash Flow from Operating Activities</b>				
Net Loss	(1,362)	(69,081)	(681)	(27,322)
<b>Adjustments :</b>				
Depreciation	0	0	0	0
<b>Operating Cash loss before changes in Operating Assets and Liabilities</b>	<b>(1,362)</b>	<b>(69,081)</b>	<b>(681)</b>	<b>(27,322)</b>
Increase in Accruals and Provisions	681	34,540	0	0
<b>Net Cash used in Operating Activities</b>	<b>(681)</b>	<b>(34,540)</b>	<b>(681)</b>	<b>(27,322)</b>
<b>II. Cash Flow from Investing Activities</b>				
Payment of Capital work in progress	(16,905)	(857,422)	(33,724)	(1,353,007)
<b>Net Cash used in Investing Activities</b>	<b>(16,905)</b>	<b>(857,422)</b>	<b>(33,724)</b>	<b>(1,353,007)</b>
<b>III. Cash Flow from Financing Activities</b>				
Loan introduced (net)	16,905	857,422	33,724	1,353,007
Increase in other payables	681	34,540	681	27,322
<b>Net Cash flow from Financing Activities</b>	<b>17,586</b>	<b>891,962</b>	<b>34,405</b>	<b>1,380,329</b>
<b>Increase in Cash and Cash Equivalents</b>				
Cash and Cash Equivalents as at 01.04.2008 (Note 2d)	0	0	0	0
Cash and Cash Equivalents as at 31.03.2009 (Note 2d)	0	0	0	0
<b>Supplemental Cash Flow Statement Information</b>				
<b>Non-Cash transactions</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Accounting Policies and Explanatory Notes****Explanatory Notes**

Year ended : March 31, 2009

All figures are expressed in U.S. Dollars.

**1. Legal Status**

The company is under incorporation.

**2. Accounting Policies**

The following accounting policies have been consistently applied by the management in the preparation of the financial statements. The financial statements are prepared in accordance with and comply with the requirements of each applicable International Financial Reporting Standard (IFRS) and each applicable Interpretation of the International Financial Reporting Interpretation Committee (IFRIC). IFRS also includes all International Accounting Standards (IAS) and Interpretation of Standing Interpretations Committee (SIC).

**a. Accounting Basis**

These Financial Statements, except for the cash flow information, are prepared under the **accrual** basis of accounting. Under the **accrual basis of accounting**, transactions and events are recognised when they occurred (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.

**b. Measurement Basis**

These Financial Statements have been prepared on historical cost basis as modified by revaluation of financial assets and financial liabilities at fair values.

**c. Foreign Currencies**

- Transactions in foreign currencies are converted into U.S. Dollars at rates ruling when entered into.
- Monetary assets and liabilities expressed in foreign currency are converted into U.S. Dollars at the rate of exchange ruling at the Balance Sheet date.
- Resultant gain or loss is taken to Income Statement.

**d. Cash and Cash Equivalents**

Cash and Cash Equivalents for the purpose of cash flow statement comprises of cash on hand, current accounts, bank overdrafts repayable on demand, bank current and call accounts and fixed deposits free from lien with a maturity date of three months or less from the date of deposit.

**e. Impairment of Assets**

In accordance with International Accounting Standard 36, Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the assets carrying value exceeds its recoverable amount. Recoverable amount is higher of the value in use and the realisable amount of the asset.

**3. Capital Work in Progress**

	US \$	RUPEES	US \$	RUPEES
Balance as at 01.04.2008	123,613	6,269,664	89,889	3,606,347
Addition during the year	16,905	857,422	33,724	1,353,017
Transfer to Property Plant & Equipment	(140,518)	(7,127,086)	0	0
<b>Balance as at 31.03.2009</b>	<b>0</b>	<b>0</b>	<b>123,613</b>	<b>4,959,364</b>

**4. Related Party Transactions**

Related parties represent shareholders, directors and key management personnel of the company and companies of which they are principal owners. The terms of transactions are not significantly different from those that could have been obtained from third parties. All the transactions are carried out at arm's length.

The summary of transactions entered into during the year and balances with related parties as at March 31, 2009 are as under:

**i. Shantivijay Jewels International Ltd., Mauritius.**

Shareholder's Account	140,518	7,127,073	123,613	4,959,354
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**ii. Shantivijay Impex FZCO, U.A.E.**

Other payable	1,362	69,081	681	27,322
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**5. Significant Events occurring after the Balance Sheet date**

There were no significant events occurring after the balance sheet date which require disclosure in the financial statements.

**6. Previous year figures**

Previous year's figures have been re-grouped or re-classified wherever necessary so as to conform to the current year's presentation.

**7. Critical Accounting Estimates and Judgement**

Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the current period, there are no estimates or judgements that are critical.

**8. In the opinion of the management, all the assets as shown in the financial statements are existing and realisable at the amount shown against them and there are no liabilities against the company, contingent or otherwise, not included in the above financial statements.****Property, Plant and Equipment - Schedule**

Year ended : March 31, 2009

Particulars	Freehold Property		Total	
	US \$	RUPEES	US \$	RUPEES
Rate of Depreciation	0%	0%		
<b>Cost</b>				
As at 01.04.2008	0	0	0	0
<b>Additions</b>				
Transfer from Capital Work in Progress	140,518	7,127,086	140,518	7,127,086
As at 31.03.2009	<u>140,518</u>	<u>7,127,086</u>	<u>140,518</u>	<u>7,127,086</u>
<b>Depreciation</b>				
As at 01.04.2008	0	0	0	0
For the year	0	0	0	0
As at 31.03.2009	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Value</b>				
As at 31.03.2009	<u>140,518</u>	<u>7,127,086</u>	<u>140,518</u>	<u>7,127,086</u>

Note: Depreciation on freehold property is not chargeable as the property is not put to use. It represents payment made against freehold properties in DMCC.



**SHANTI VIJAY JEWELS LIMITED**

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

**THIRTY SIXTH ANNUAL GENERAL MEETING 21ST AUGUST, 2009**

**ADMISSION SLIP**

Folio No./Client ID

I certify that I am a registered shareholders/proxy for the registered shareholders of the Company.

I hereby record my presence at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company being held at G-37, Gem & Jewellery Complex, Bldg, No. III. SEEPZ, Andheri (E), Mumbai-400 096 on Friday, 21st August, 2009 at 3.00 P.M.

\_\_\_\_\_  
Name of the Member in BLOCK Letters

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Name of the Proxy in BLOCK Letters

\_\_\_\_\_  
Proxy's Signature

Note Please fill the attendance slip and hand it over at the ENTRANCE OF THE HALL.

\_\_\_\_\_ (Tear Here) \_\_\_\_\_

**SHANTI VIJAY JEWELS LIMITED**

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

**THIRTY SIXTH ANNUAL GENERAL MEETING 21ST AUGUST, 2009**

**FORM OF PROXY**

Folio No./Client ID

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member/members of SHANTIVIJAY JEWELS LIMITED, hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

of failing him/her \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on Friday, 21st August, 2009 and at any adjournment thereof.

Place

Date

Affix  
Re. 1/-  
Revenue  
Stamp

Signed \_\_\_\_\_

Note: This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

(Tear Here)