

## 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.

### (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 2013-14, four Audit Committee meetings were held on 28.05.2013, 29.07.2013, 29.10.2013 and 24.01.2014.

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

Name of Director	Category	Profession	No. of meetings attended
Shri. Ambuj Abhayakumarji Kasliwal, Chairman	Independent	Industrialist	4
Shri. Apurva Shah	Independent	Chartered Accountant	4
Shri. J. B. Shah	Independent	Business	3

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	5	Yes
Shri. Ambuj Abhayakumarji Kasliwal	Independent	5	1	NIL	5	No
Shri. Apurva R. Shah	Independent	3	NIL	5	5	Yes
Shri. Jayant B. Shah	Independent	1	NIL	1	3	No
Shri. Tushar Mavani	Independent	2	1	Nil	1	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 2013-14, five meetings were held on 28.05.2013, 12.06.2013, 29.07.2013, 29.10.2013 and 24.01.2014. The last Annual General Meeting (AGM) was held on 21.09.2013.

**(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 2013-14, no Committee meeting was held since no complaint was received during 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:** No Complaints received during the year. No complaints were pending at the beginning or end of the financial year.

Number of pending share transfers as on 31.03.2014 was NIL. No request for dematerialisation was pending for approval as on 31.03.2014.

**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 ₹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 31.03.2014 are as under:

(Figures in ₹)

Name of Director(s)	Inter se Relation	Sitting Fees	Salary	Perquisites/ Allowances	Total
Shri. Pradeep Kumar Godha	Brother of Anurag Godha	Nil	2700000	299318	2999318
Shri. Anurag Godha	Brother of Pradeep Kumar Godha	Nil	2700000	176312	2876312
Shri. Ambuj Abhayakumar Kasliwal	Nil	45000	Nil	Nil	45000
Shri. Apurva R. Shah	Nil	45000	Nil	Nil	45000
Shri. Jayant B. Shah	Nil	30000	Nil	Nil	30000
Shri. TusharMavani	Nil	5000	Nil	Nil	5000
Mr. Jeffrey K. Stern	Nil	Nil	Nil	Nil	Nil

All executive Directors are reappointed under contracts each for a period of three years with effect from 01.09.2011 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
2011	Thursday, 25 <sup>th</sup> August, 2011 at 10.00 a.m.	G-37, Gem & Jewellery Complex, Building No. III, SEEPZ, Andheri (East), Mumbai 400 096	- Approval of reappointment of Shri Pradeep Godha as Managing Director for three years w.e.f. 01.09.2011 - Approval of reappointment of Shri Anurag Godha as Managing Director for three years w.e.f. 01.09.2011 - Approval for issue of further shares/securities u/s 81(1A)
2012	Friday, 20 <sup>th</sup> July, 2012 at 10.00 a.m.	N. J. Nair Conference Room, Indian Textile Accessories & Manufacturers' Association, Bhogilal Hargovindas Building, 4 <sup>th</sup> floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400001	- Approval for issue of further shares/securities u/s 81(1A)
2013	Saturday, 21 <sup>st</sup> September, 2013 at 3.00 p.m.	Conference Hall, All India Institute of Local Self-Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Gali, Andheri (West), Mumbai 400058	NIL

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 and no penalties or strictures have been imposed on the Company by the said authorities relating to the above save and except as under:

### Details of Non-Compliance with regard to Capital Market

As per the continuous listing requirements, every Company (Other than Public Sector Company) shall maintain Public Shareholding of at least 25 percent. Any listed Company which has public shareholding below 25 percent on the commencement of the Securities Contracts (Regulation) (Amendment) Rules, 2010 ("SCRA"), was required to increase its public shareholding to at least 25 percent, within a period of 3 years from the date of such commencement, in the manner specified by SEBI i.e., by June 3, 2013.

Your Company being a Listed Company was also required to comply with the above provisions. Your Company's public shareholding was 6.90% as on March 31, 2013. As per SCRA this holding should be increased to a minimum of 25.

As the minimum public shareholding was not achieved, SEBI has issued certain directions vide Order dated June 4, 2013 (the "Order") to all non-compliant companies, pending final order. A brief summary of the Order is as given below:

1. SEBI has directed for the purpose of complying with the requirement of public shareholding, till such time these Companies comply with the Minimum Public Shareholding requirement, inter alia, as under:

a) Freezing of Voting Rights and Corporate benefits like dividend, Rights, Bonus Shares, Split, etc. with respect to the excess of proportionate promoter/promoter group shareholding in the non-compliant companies.

For the purpose of above direction proportionate promoter/promoter group shareholding shall be computed on the basis of Public Shareholding in the Company at three times the existing public shareholding.

b) Prohibiting the promoter/promoter group and directors of these non-compliant companies from buying, selling or otherwise dealing in the securities of their respective companies, either directly or indirectly, in any manner whatsoever, except for the purpose of complying with the requirement of public shareholding.

c) Restraining the shareholders forming part of the promoter/promoter group from holding any new position as a director in any listed company.

d) Restraining the directors of such companies from holding any new position as a director in any listed company.

2. The said Order is without prejudice to the right of SEBI to take any other action, including the following against the non-compliant companies, their promoters and/or directors or issuing such directions in accordance with law:

a) levying monetary penalty under adjudication proceedings;

b) initiating criminal proceedings;

c) moving the scrip to trade-to-trade segment;

d) excluding the scrip from F&O segment;

e) any other action/direction as may be deemed appropriate.

In order to comply with the Minimum Public Shareholding Threshold (i.e., 25 of the aggregate paid up share capital of the company being held by the 'public' category of shareholders), the Promoters of the Company had made two Offer for Sale

(OFSs) to the public shareholders. However, through OFSs, public shareholding could be increased only to 13% as on 31.03.2014.

In view of this, based on indication by the Promoters, the Company proposed to delist its shares from BSE Ltd. Necessary special resolution in this regard was passed through postal ballot process on 3rd May, 2014 in terms of the requirements of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. The Company has since then submitted to the SEBI authorities for permission to proceed with the voluntary delisting which is awaited.

(c) Transactions with related party are disclosed in Note No. 2.31 - Notes to Financial Statements 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 Company ([www.shantivijay.com](http://www.shantivijay.com)) and BSE Ltd. ([www.bseindia.com](http://www.bseindia.com)).

All data required to be filed electronically or otherwise pursuant to the Listing Agreement with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on corporate governance are being regularly filed with the BSE Limited.

### (9) General Shareholders Information

#### 1. 41<sup>st</sup> Annual General Meeting – Day, Date, Time and Venue

Day	Date	Time	Venue
Monday	29 <sup>th</sup> September, 2014	3.00 p.m	Conference Hall, All India Institute of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Gali, Andheri (West), Mumbai 400 058

#### 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>	Saturday 20 <sup>th</sup> September, 2014 to Monday, 29 <sup>th</sup> September, 2014 (Both days inclusive)

#### 3. Listing & Liquidity on Stock Exchanges:

BSE Limited  
Stock Code: 530989  
(included under S category)

**Listing fees:** The Company confirms that it has paid the annual listing fee to the BSE 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 31<sup>st</sup> March, 2014, 29,12,681 Equity Shares representing 97.02% 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.: 42182244 Fax : 28291360  
 E-mail : [shantivijay@shantivijay.com](mailto: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](mailto: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 Kumar 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 (₹)	Low (₹)	Volume
Apr 13	119.00	106.00	2,008
May 13	113.50	113.50	10
Jun 13	NA	NA	NA
Jul 13	NA	NA	NA
Aug 13	NA	NA	NA
Sep 13	119.00	119.00	16
Oct 13	NA	NA	NA
Nov 13	NA	NA	NA
Dec 13	NA	NA	NA
Jan 14	119.25	119.25	6
Feb 14	113.30	97.20	503
Mar 14	92.35	68.05	2,175

In view of infrequent trading in shares of the company relative movement Chart in the Company Share price vis-a-vis BSE sensx is not given.

**8. Shareholding Pattern as on 31.03.2014**

Category	No. of Shares	%
<b>Promoters – Indian</b>	2611606	87
<b>Non-promoters :</b>		
Bodies Corporate	75038	2.5
NRIs/OCBs	60435	2
Public	254921	8.5
Foreign National	0	0
<b>Total</b>	<b>3002000</b>	<b>100.00</b>

**Distribution of Shareholding as on 31.03.2014**

Nominal Value of Shares (₹)	Shareholders		Shares	
	Number	%	Value (₹)	%
1-5000	560	88.8889	518750	1.7280
5001-10000	25	3.9683	190270	0.6338
10001-20000	17	2.6984	247900	0.8258
20001-30000	2	0.3175	48900	0.1629
30001-40000	4	0.6349	136150	0.4535
40001-50000	1	0.1587	50000	0.1666
50001-100000	4	0.6349	315970	1.0525
100001-999999999	17	2.6984	28512060	94.9769
<b>TOTAL</b>	<b>630</b>	<b>100.00</b>	<b>30020000</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 equity shares.

**11. CEO/CFO Certification**

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by Shri. Pradeep Kumar 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 29.05.2014.

**12. 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 Exchanges.

**13. Unclaimed shares:**

The Company does not have any unclaimed shares.

For and on behalf of the Board

Sd/-

Place: Mumbai  
 Date: 29/05/2014

**Pradeep Kumar Godha**  
 Chairman & Managing Director  
 (DIN : 00008194)

**Non-Mandatory Requirements**

**Remuneration Committee**

The Remuneration Committee comprised of Shri. Ambuj Kasliwal, Chairman of the Committee, Shri. Tushar Mavani, Shri. Apurva

Shah and Shri. Jayant Shah, all of which are independent Directors. During the year 2013-14, no meeting of Remuneration Committee was held. Terms of Reference of this Committee include mandate to review and recommend/approve remuneration payable to the Managerial Personnel.

---

**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 31<sup>st</sup> March, 2014 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  
FRN : 101914W

Place: Mumbai.  
Date: 29/05/2014

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