

# SHANTIVIJAY JEWELS LTD.



**ANNUAL REPORT 2010-2011**



## SHANTIVIJAY JEWELS LIMITED

### BOARD OF DIRECTORS

#### **PRADEEP KUMAR GODHA**

*(Chairman & Managing Director)*

#### **ANURAG GODHA**

*(Vice Chairman & Managing Director)*

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

**SHAMBHUKUMAR S. KASLIWAL (upto 01.06.2011)**

**JAYANT B. SHAH**

**APURVA R. SHAH**

**TUSHAR A. MAVANI**

**AMBUJ A. KASLIWAL (w.e.f. 01.06.2011)**

### REGISTERED OFFICE / WORKS

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

### ADMINISTRATIVE OFFICE

L-1, Trident 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.

<b>Contents</b>	<b>Page Nos.</b>
Company Information .....	1
Notice .....	2-7
Directors' Report .....	8-10
Corporate Governance Report .....	11-14
Management Discussion & Analysis Report .....	15
Compliance Certificate .....	16-17
Auditors' Report .....	18-19
Balance Sheet .....	20-33
Consolidated Balance Sheet & Auditors' Report .....	34-46

## NOTICE

NOTICE is hereby given that the 38th 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 **Thursday, 25th August, 2011 at 10.00 A.M.** to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors, thereon.
2. To appoint a Director in place of Shri. Jayant B. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. Apurva R. Shah, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force and hereinafter referred to as “the Act”) and subject to all such sanctions as may be necessary, the Company hereby approves the reappointment of Shri. Pradeep Kumar Godha, Chairman as the Chairman & Managing Director of the Company for a period of three years with effect from 1st September, 2011 on the terms and conditions including remuneration as set out in the draft agreement proposed to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement as the Board of Directors in its discretion deem fit and as acceptable to Shri. Pradeep Godha.

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

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force and hereinafter referred to as “the Act”) and subject to all such sanctions as may be necessary, the Company hereby approves the reappointment of Shri. Anurag Godha, Vice Chairman as the Vice Chairman & Managing Director of the Company for a period of three years

with effect from 1st September, 2011 on the terms and conditions including remuneration as set out in the draft agreement proposed to be entered into by the Company with him and submitted to this meeting duly initialled by the Chairman for the purpose of identification which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter or vary the terms and conditions of the said appointment and/or agreement as the Board of Directors in its discretion deem fit and as acceptable to Shri. Anurag Godha.

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

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

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force) as also provisions of the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “ICDR Regulations”) 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 ICDR Regulations, 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 ICDR Regulations, 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 ₹ 10/- each.

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

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

RESOLVED FURTHER THAT the pricing of the Securities and the pricing of any equity shares issued upon conversion of the Securities shall be in accordance with all applicable laws, regulations and Guidelines, 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 ICDR Regulations, 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 Rules, Regulations and Guidelines is 26<sup>th</sup> July, 2011 i.e. the 30th day prior to the date of this Annual General Meeting.

RESOLVED FURTHER THAT :

- (i) the equity shares to be issued and allotted shall be subject to the provisions of the memorandum and Articles of Association of the Company; and
- (ii) the underlying equity shares unless otherwise stated, shall rank pari passu with the existing equity shares of the Company.

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

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

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

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

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

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

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

number of shares, the price and the time period as aforesaid shall be suitably adjusted.

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

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 : 29<sup>th</sup> July, 2011

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**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON POLL) INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto and forms part of the Notice.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. excluding Saturdays upto the date of the Annual General Meeting.
4. The Share Transfer Books and the Register of Members of the Company shall be closed from **Thursday, 18<sup>th</sup> August, 2011 to Thursday, 25<sup>th</sup> August, 2011** (both days inclusive).
5. **The members are requested to:**
  - (i) Intimate change in their registered address, if any, to the Company's Registrar and Share Transfer Agents, M/s. Bigshare Services Private Limited at E-2 & 3, Ansa Industrial Estate, Sakinaka, Andheri(E), Mumbai 400 072, in respect of their holdings in physical form.
  - (ii) Notify immediately any change in their registered address to their Depository Participants in respect of their holdings in electronic form.
  - (iii) Non-Resident Indian Members are requested to inform M/s. Bigshare Services Private Limited immediately of the

change in their residential status on return to India for permanent settlement.

- (iv) Register their email address and change therein from time to time with M/s. Bigshare Services Private Limited for shares held in physical form and with their Depository Participants for shares held in demat form.
- (v) Our Registrar & Transfer Agent M/s. Bigshare Services Private Limited have provided 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.
- (vi) Send or address all their shares related matters/correspondence directly to M/s. Bigshare Services Private Limited.
- (vii) Corporate members are requested to send /bring a duly certified copy of the board resolution authorising their representatives to attend and vote at the Annual General Meeting.
- (viii) Note that 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.
- (ix) Note that 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 blank 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.
- (x) Send queries on accounts to the Company 10 days in advance of the Annual General Meeting so that the answers may be made available at the Annual General Meeting.

6. Brief resumes of Directors seeking re-election /re-appointment are as under: add last column

<b>Name of the Director</b>	<b>Shri. Jayant B. Shah</b>	<b>Shri. Apurva R. Shah</b>
Age (years)	63	41
Date of Appointment	26.07.2002	26.07.2002
Qualification	B. Com.	Chartered Accountant, Cost and Works Accountant and a graduate from the London School of Economics and Political Sciences with a distinction in International Accounting and Finance. He was a rank holder in the Chartered Accountancy Examinations with an award for the highest distinction in Financial Accounting and in Direct Tax Laws.
Expertise in specific functional areas	Reputed & experienced businessman & good exposure to import/export business	He is a partner in well known firm of Chartered Accountants - Rajendra & Co. He has over the years developed expertise in areas such as Direct Taxation, Foreign Exchange Management Law, Financial Management and Business Restructuring and in Accounting.
Chairmanship/ Directorship held in other public companies	Nil	Director in : Acrysil Ltd. Asian Star Company Ltd. Fine Line Circuits Ltd. Steelcast Ltd. G Jewelcraft Limited
Membership held in Committees of such Boards of other public companies	Nil	Member in : Audit Committee Shareholders Grievances Committee AND Remuneration Committee of Asian Star Company Ltd. Audit Committee and Remuneration Committee of Acrysil Ltd. Fine Line Circuits Ltd. Steelcast Ltd.

**EXPLANATORY STATEMENT**

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

**Item Nos. 5 and 6**

Shri. Pradeep Kumar Godha and Shri. Anurag Godha have been the Managing Directors of the Company and their last reappointment as such was made with effect from 1st September, 2008 for a period of three years.

Based on the recommendation of the Remuneration Committee duly approved by a resolution passed at its meeting, the Board of Directors (Board) at its meeting held on 29th July, 2011, has reappointed Shri Pradeep Godha as the Chairman and Managing Director and Shri Anurag Godha as the Vice Chairman and Managing Director of the Company with effect from 1st September, 2011 upon the terms and conditions contained in the draft agreements proposed to be entered into by the Company with each of them, subject to the approval of the Company. The said agreements, interalia, contain the following material terms and conditions :

Particulars	Shri. Pradeep Godha	Shri. Anurag Godha
Designation	Managing Director	Managing Director
Period	01.09.2011 to 31.08.2014	01.09.2011 to 31.08.2014
Salary per month	₹ 2,25,000/-	₹ 2,25,000/-

- **Perquisites :** Free Furnished Housing accommodation or house rent allowance in lieu thereof together with furnishings, with gas, electricity, water, and other amenities; Reimbursement of medical expenses incurred in India or abroad including hospitalization and surgical charges and travel expenses relating thereto and/or medical insurance, for self and family; Reimbursement of expenses on servants, mobile phone, telephone at residence, leave travel including foreign travel for self and family, fees of clubs, personal accident and life insurance premiums; Bonus, special allowances and such other perquisites as may be determined by the Board of Directors from time to time in each of the cases restricted to and subject to the condition that overall remuneration payable shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in that regard.
- The following perquisites shall not be included in the computation of the ceiling on remuneration specified herein :
  - (i) Contribution to Provident Fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - (ii) Gratuity which shall not exceed half a month's salary for each completed year of services, and
  - (iii) Encashment of leave at the end of the tenure.
- Provision of car with driver for personal use as well as business of the Company, mobile phone and telephone at residence.
- Annual privilege leave to MDs: On full salary for a period of thirty days and shall be entitled to accumulate such leave.

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

The Board shall have power to revise the Salary/Perquisites, on completion of each 12 months period, so that increase in such

remuneration for any such period shall not exceed 25% of the amount of such remuneration prevailing/provided in the period immediately preceding the period for which such remuneration is fixed.

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

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

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

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

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

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

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

- (I) **General Information :** The Company is engaged in manufacture and export of jewellery from SEEPZ in Mumbai. The Company has been in operation since 1973 and commenced commercial production at new unit in July, 1995. The Company's financial performance has been by and large at par with the industry indicators. The Company has not made any foreign collaboration. The Company has set up 100% subsidiary, namely, Shantivijay Jewels International Ltd. in Mauritius which in turn has also set up 100% subsidiary, namely, Shantivijay Impex FZCO in Dubai, UAE. The Company has foreign investment in its shares up to 2% by Non-resident and NRIs. The Company has been mainly exporting its production from Seepz in Mumbai.
- (II) **Information about the Appointees :** All the appointees are well experienced and with good standing in the business of jewellery manufacturing and exports. There are no specific recognition or awards to the appointees. All the appointees are ideally suitable for the Job profile required by the Company for the posts to which they are proposed to be reappointed as all of them have vast and industry specific experience and expertise. The remuneration proposed to be paid to all of them is set out herein above. Having regard to the size of the Company and its operations and nature of responsibility for each of the said posts and having regard to the integrity, expertise and experience of all the appointees, the remuneration proposed to be paid to them is comparable with the remuneration profile prevalent in the Industry. All the appointees are the promoters and key management personnel of the Company as aforesaid and are related to each other. Apart from this, there are no other pecuniary relationship directly or indirectly with the Company or its managerial personnel. Their last drawn remuneration from the Company as per the limits approved by the Company have been as under :

Particulars	Shri. Pradeep Godha	Shri. Anurag Godha
Designation	Chairman & Managing Director	Vice Chairman & Managing Director
Salary per month	₹ 1,75,000/-	₹ 1,75,000/-

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

**(III) Other Information/Disclosures :** The Company has improved its performance during last few years in spite of recessionary conditions prevalent in the industry worldwide. Constant efforts are made by the said key management personnel to boost exports and expand market base for the Company. The details of remuneration package with all elements thereof are specified herein above. There are no severance fees payable to the appointees There are no stock options proposed to be given by the Company to the appointees.

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

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

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

#### Item No. 7

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

Towards this an enabling resolution is proposed at Item No. 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 : 29th July, 2011



**DIRECTORS' REPORT**

TO THE MEMBERS OF SHANTIVIJAY JEWELS LIMITED

Your Directors present their 38th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2011

**FINANCIAL RESULTS**

(₹ in Lakhs)

Particulars	Stand alone for the Company		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Sales & Operating Income	5227.94	4672.39	7173.96	6119.37
Less : Operating costs	5137.18	4728.88	6945.37	6068.08
Depreciation	34.79	32.73	41.51	33.22
<b>Operating Profit/(Loss)</b>	<b>55.97</b>	<b>(89.22)</b>	<b>187.08</b>	<b>18.07</b>
Less : Interest	24.33	22.74	24.33	22.74
Extra-ordinary Items	—	—	—	—
Other Income	72.12	54.83	72.12	55.95
<b>Profit/(Loss) Before Tax</b>	<b>103.76</b>	<b>(57.13)</b>	<b>234.87</b>	<b>51.28</b>
Less Provision for Taxation				
– Current	26.02	44.61	26.02	44.61
– Fringe Benefit Tax	—	—	—	—
– Deferred	0.31	(1.38)	0.31	(1.38)
<b>Profit After Tax</b>	<b>77.43</b>	<b>(100.36)</b>	<b>208.54</b>	<b>8.05</b>
Add : Surplus brought forward	351.50	451.86	1057.59	1049.54
<b>Profit available for appropriation</b>	<b>428.93</b>	<b>351.50</b>	<b>1266.13</b>	<b>1057.59</b>
<b>Appropriations :</b>				
Transferred to General Reserve	—	—	—	—
Proposed Dividend	—	—	—	—
Tax on Dividend	—	—	—	—
<b>Balance carried to Balance Sheet</b>	<b>428.93</b>	<b>351.50</b>	<b>1266.13</b>	<b>1057.59</b>
<b>Earning Per Share</b>	<b>2.58</b>	<b>(3.34)</b>	<b>6.95</b>	<b>0.27</b>

**DIVIDEND**

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

**OPERATIONS**

During the year under review, the Company has improved its performance with Sales & Operating Income having increased by 11.89% and Consolidated Sales & Operating Income having increased by 17.23% due to positive global and market factors. The Company has made efforts to improve performance and profitability in spite of steep increase in prices of gold and diamonds by focusing on specific markets, customer requirements, new designs developments and controlled costs.

**SUBSIDIARY COMPANIES**

At the beginning of the year, the Company had in all subsidiary companies, namely, Shantivijay International Limited, Mauritius with its two step down subsidiaries, Shantivijay Impex FZCO, Dubai, U.A.E. and Shantivijay Impex DMCC. Shantivijay Impex

FZCO, Dubai, U.A.E. has since been wound up and its reserves & surplus have been transferred to its holding company, namely, Shantivijay International Limited, Mauritius.

In accordance with the general circular No. 2/2011 dated February 8, 2011 read together with General Circular No. 3/2011 dated February 21, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the annual accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company as well as at the head office of the subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

**DIRECTORS**

Shri Shambhukumar S. Kasliwal resigned as Director with effect from 1st June, 2011. The Board records its appreciation of valuable guidance and support given by him to the Company and its management during his tenure as such.

Shri Ambuj A. Kasliwal was appointed as Director with effect from 1st June, 2011 to fill casual vacancy caused in the office of Director of the Company by resignation of Shri S. S. Kasliwalji.

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

**CORPORATE GOVERNANCE**

Report on Corporate Governance compliance is included as a part of the Annual Report along with the Auditor's Certificate.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report prescribed under the Listing Agreement is included as a part of the Annual Report.

**DISCLOSURE OF PARTICULARS**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) That in the preparation of the annual accounts for the Year ended March 31, 2011 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.

**COMPLIANCE CERTIFICATE**

Compliance Certificate obtained under section 383A of the Companies Act, 1956 from Sunil M. Dedhia & Co., Company Secretaries, Mumbai is attached herewith.

**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: 30th May, 2011

**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**

(₹ in Lakhs)

	<u>2010-11</u>	<u>2009-10</u>
Foreign Exchange earned	<u>4958.62</u>	<u>4559.74</u>
Foreign Exchange used :		
CIF value of Imports :		
- Raw materials	130.44	458.74
- Stores & consumable including spares	16.12	13.97
- Finished Goods	122.60	129.60
Expenditure in foreign currency :		
- Travelling expenses	16.71	7.92
- Exhibition expenses & advance	24.87	11.82
- Bank Charges	1.29	0.65
- Postage	0.07	—
- Sales Commission	12.52	19.17

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PRADEEP KUMAR GODHA**  
**CHAIRMAN & MANAGING DIRECTOR**

Place : Mumbai  
Dated : 30th May, 2011

## 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 2010-11, four Audit Committee meetings were held on 26.05.2010, 23.07.2010, 23.10.2010 and 25.01.2011. 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	Nil
Shri. Apurva Shah	Independent	Chartered Accountant	4
Shri. J. B. Shah	Independent	Business	4

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	3	Yes
Shri Anurag Godha	Vice- Chairman & Managing Director	Nil	Nil	1	4	No
Shri Shambhukumar Kasliwal	Independent	3	1	Nil	Nil	No
Shri Apurva R. Shah	Independent	5	1	4	4	Yes
Shri Jayant B. Shah	Independent	Nil	Nil	1	4	No
Shri Tushar Mavani	Independent	2	1	Nil	4	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 2010-11, four meetings were held on 26.05.2010, 23.07.2010, 23.10.2010 and 25.01.2011. The last Annual General Meeting (AGM) was held on 10.08.2010.

**(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 2009-10, 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 1(one). No complaints were pending at the beginning or end of the financial year.

Number of pending share transfers as on 31.03.2011 was NIL. No request for dematerialisation was pending for approval as on 31.03.2011.

**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 31.03.2011 are as under:

(Figures in ₹)

Name of Director(s)	Inter se Relation	Sitting Fees	Salary	Perquisites/ Allowances	Total
Shri Pradeep Godha	Brother of Anurag Godha	Nil	21,00,000	1,52,783	22,52,783
Shri Anurag Godha	Brother of Pradeep Godha	Nil	21,00,000	2,06,619	23,06,619
Shri.Shambhukumar S. Kasliwal	Nil	Nil	Nil	Nil	Nil
Shri Apurva R. Shah	Nil	40,000	Nil	Nil	40,000
Shri. Jayant B. Shah	Nil	40,000	Nil	Nil	40,000
Shri. Tushar Mavani	Nil	20,000	Nil	Nil	20,000
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
2008	Saturday, 30.08.2008 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. 01.09.2008 - 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)
2009	Friday, 21.08.2009 at 3.00 p.m.	-Do-	- Approval for issue of further shares/securities u/s 81(1A)
2010	Tuesday, 10.08.2010 at 10.00 a.m.	-Do-	- 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)).

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 Bombay Stock Exchange Limited.

**(9) General Shareholders Information**

**1. 38th Annual General Meeting – Day, Date, Time and Venue**

Day	Date	Time	Venue
Thursday	25.08.2011	10.00 a.m.	G-37, Gems & Jewellery Complex, Building No. 3, SEEPZ, Andheri (East), Mumbai – 400 096.

**2. Financial Calendar**

<b>Financial Year</b>	1 <sup>st</sup> April to 31 <sup>st</sup> 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>	Thursday, 18 <sup>th</sup> August, 2011 to Thursday, 25 <sup>th</sup> August, 2011 (both days inclusive)

**3. Listing & Liquidity on Stock Exchanges:** Bombay Stock Exchange Limited  
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 31<sup>st</sup> March, 2011, 26,27,081 Equity Shares representing 87.52% 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.: 42182222 Fax : 28291360  
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**

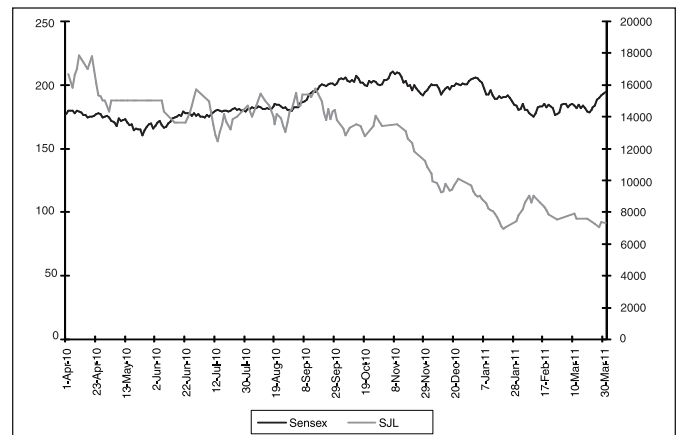
**6. Share Transfer System :**

To expedite the transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprises of Shri. Pradeep 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
April 2010	178.5	150	736
May 2010	157.45	142.75	1440
June 2010	157	129.4	412
July 2010	149.2	124.05	1030
August 2010	154.05	126.05	3270
September 2010	164	132.6	7610
October 2010	140.6	125	435
November 2010	135.5	108.2	621
December 2010	104.25	90.3	3171
January 2011	97.15	69.1	263
February 2011	94	75.2	1139
March 2011	78.9	67.05	618



**8. Shareholding Pattern as on 31.03.2011**

Category	No. of Shares	%
Promoters – Indian	2794846	93.10
Non-promoters :		
Bodies Corporate	2788	0.09
NRIs/OCBs	835	0.03
Public	143931	4.79
Foreign National	59600	1.99
<b>Total</b>	<b>3002000</b>	<b>100.00</b>

**Distribution of Shareholding as on 31.03.2011**

Nominal Value of Shares (₹)	Shareholders		Shares	
	Number	%	Value (₹)	%
1-5000	536	88.45	525450	1.75
5001-10000	29	4.79	214050	0.71
10001-20000	17	2.81	248990	0.83
20001-30000	3	0.49	76090	0.25
30001-40000	3	0.49	107000	0.36
4001-100000	4	0.66	303960	1.01
100001 -99999999	14	2.31	28544460	95.09
<b>TOTAL</b>	<b>606</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 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 26.05.2010.

**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**

Pursuant to amended Clause 5A of the listing agreement which provides that shares held physically and remained unclaimed by shareholders due to insufficient/incorrect information or any other reason should be transferred in the demat mode to one folio in the name of "Unclaimed Suspense Account" with one of the depository participants. The Company is in the process of taking steps in this regard.

For and on behalf of the Board  
Sd/-

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

**Pradeep Kumar Godha**  
Chairman & Managing Director

**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. No Remuneration Committee meeting was held during the year 2010-11. 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, 2011 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

Place: Mumbai.  
Date: May 30, 2011.

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

## Management Discussion and Analysis Report

### Economic Overview & Industry Developments

In spite of general slowdown and slower GDP growth for India, the fundamentals of the Indian economy remain intact with possibility of relatively faster recovery compared to other countries. The price of the gold moved up by more than 20% during F.Y. 2010-11 and breached ₹ 2000/gm mark of 22kt. By the end of 2010-11 prices of rough diamonds moved up by 20% in December, 2010 and this resulted in polished diamond prices moving up by a similar extent. By Q4, rough prices moved up twice again, and the prices of polished diamonds have already moved up another 70%. This puts a tremendous pressure both on overall market and on the competitive position.

### Financial and Operational Performance

The Company has made Sales of ₹ 5227.94 lakhs as compared to ₹ 4672.39 lakhs in the previous year with increase of 11.89%. Consolidated Sales have been ₹ 7173.96 lakhs as against ₹ 6119.37 lakhs in the previous year with increase of 17.23 %. Operating Profit has been ₹ 55.97 lakhs as against Operating Loss of ₹ 89.22 lakhs in the previous year. Net Profit has been ₹ 77.43 lakhs as against Net Loss of ₹ 100.36 lakhs in the previous year. The Company has improved performance with the help of positive global and market factors. The Company has made efforts to improve performance and profitability in spite of steep increase in prices of gold and diamonds by focusing on specific markets, customer requirements, new designs developments and controlled costs.

### 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:

	₹ in Lakhs
<b>EXPORTS to :</b>	
U.S.A.	1852.06
EUROPE	1419.86
MIDDLE EAST	906.19
OTHERS	794.28
<b>LOCAL SALES</b>	<b>218.37</b>
<b>Total</b>	<b>5190.76</b>

### Opportunities

The Company on account of its unit located in Special Economic Zone and Dubai is aptly placed to exploit the opportunities to tap demand from local customers and increasing number of visitors to Duty free shopping zones and world tourist traffic.

**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 and import of raw

material. 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 which has always been a challenge which is countered by better quality and designs, branding, catering to changing customer demands/styles and cost control measures.

Increasing prices of raw materials have affected and 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.



## **Compliance Certificate**

To,  
The Members of  
SHANTIVIJAY JEWELS LIMITED  
G-37, Gem & Jewellery Complex – III,  
Seepz, Andheri (East),  
Mumbai 400 096

I/We have examined the registers, records, books and papers of SHANTIVIJAY JEWELS LIMITED (“the Company”) as required to be maintained under the Companies Act, 1956, (“the Act”) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2011. In my/our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the company, its officers and agents, I/we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure ‘A’ to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure ‘B’ to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company, being a public limited Company, no comments are required on compliance of conditions of a private company.
4. The Board of Directors duly met 4(four) times respectively on 26.05.2010, 23.07.2010, 23.10.2010 and 25.01.2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolution was passed during the financial year.
5. The Company closed its Register of Members from 05.08.2010 to 10.08.2010 and necessary compliance of Section 154 of the Act has been made. The Company has not issued any Debentures.
6. The annual general meeting for the financial year ended on 31<sup>st</sup> March, 2010 was duly held on 10<sup>th</sup> August, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced loan to its directors and/or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries the register maintained under Section 301 of the Act.
11. The Company has obtained necessary approval from the members pursuant to Section 314 of the Act wherever applicable. The Company was not required to obtain any approvals from the Board of Directors or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
  - (i) delivered all the certificates on lodgment thereof for transfer /transmission or any other purpose in accordance with the provisions of the Act. No allotment of securities was made during the financial year.
  - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the year.
  - (iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - (iv) Since there was no unpaid dividend, application money due for refund, matured deposits, matured debentures or interest accrued thereon due for transfer to Investor Education and Protection Fund, no comments are required on transfer of such amounts.
  - (v) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. There was no fresh appointment of Managing or Wholetime Directors during the financial year hence no comments warranted on relevant compliances.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrars or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence no comments on redemption are required.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the provisions of Section 58A read with Companies (Acceptance of Deposits) Rules, 1975 in respect of interest free deposits/unsecured loans taken, amounting to outstanding ₹ 11.62 lakhs as on 31.03.2011 lying with the Company during the financial year and the Company has filed the copies of Statements in lieu of advertisement as required with the Registrar of Companies, Maharashtra on 22.08.2009 and 11.08.2010. The Company has also duly filed Return of Deposits with the Registrar of Companies. Section 58AA did not apply to the Company.
24. The Company has not made any borrowings from public, financial institutions during the financial year ended 31<sup>st</sup> March, 2011. The amount borrowed by the Company from Directors/ members and/or banks are within the borrowing limits of the Company and that necessary resolution as per section 293(1)(d) of the Act has been passed in duly convened General Meeting in the past.

25. The Company has made investments in or given loans to other bodies corporate in compliance with the provisions of the Act, wherever applicable, and has made necessary entries in the Register kept for the purpose. The Company has not given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. No prosecution was initiated against or show cause notices received by the Company for alleged offences under the Act and no fines and penalties or any other punishment imposed on the Company during the financial year for any offences under the Act.
32. The Company has not received any money as security from its employees during the year under certification.
33. Section 418 does not apply to the Company as the Company has not constituted any separate/recognized Provident Fund for its employees and hence no comments are required.

For **SUNIL M. DEDHIA & CO.**  
Company Secretaries

Sd/-

**Sunil M. Dedhia**  
Proprietor  
C. P. No. 2031

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

**Annexure "A" annexed to and forming part of Compliance Certificate dated 30<sup>th</sup> May, 2011**

REGISTERS AS MAINTAINED BY SHANTIVIJAY JEWELLS LIMITED

1. Register of Members and Index of Members u/s 150 and 151
2. Registers and Returns u/s 163
3. Minutes Books u/s 193
4. Books of Accounts u/s 209
5. Register of Share Transfers
6. Register of Directors and Managing Directors u/s 303
7. Register of Directors Shareholdings u/s 307

8. Register of Contracts/Disclosures u/s 301
9. Register of Fixed Assets
10. Register of Deposits u/s 58A
11. Register of Investment/Loans u/s 372A

For **SUNIL M. DEDHIA & CO.**  
Company Secretaries

Sd/-

**Sunil M. Dedhia**  
Proprietor  
C. P. No. 2031

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

**Annexure "B" annexed to and forming part of Compliance Certificate dated 30<sup>th</sup> May, 2011**

Forms and Returns as filed by SHANTIVIJAY JEWELLS LIMITED with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2011.

Sr. No	Form No/ Return	Filed Under Section	For	Date of Filing	Whether Filed Within Prescribed Time Yes/No	If Delay In Filing Whether Requisite Additional Fees Paid Yes/No
1	Form 62	58A	Return of Deposit as on 31.03.2010	22.06.2010	Yes	N.A.
2	Form 62	58A	Filing of Statement in lieu of Advertisement	11.08.2010	Yes	N.A.
3	Form 23	192	Special resolutions passed at AGM dated 10.08.2010 for consent for issue of further shares u/s 81(1A)	17.08.2010	Yes	N.A.
4	Form 23AC and 23ACA	220	For Balance Sheet As at 31.03.2010	17.08.2010	Yes	N.A.
5	Form 66	383A	Compliance Certificate for the financial year ended 31.03.2010	17.08.2010	Yes	N.A.
6	Form 20B	159	For Annual Return as on 10.08.2010	08.09.2010	Yes	N.A.

For **SUNIL M. DEDHIA & CO.**  
Company Secretaries

Sd/-

**Sunil M. Dedhia**  
Proprietor  
C. P. No. 2031

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

## 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, 2011 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, 2011 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) to 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, 2011
      - (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: 30th May 2011

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## 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 one party was ₹ 11.62 lacs.
- iii) Loans are 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 transaction exceeding ₹ 5 lacs with such parties.
6. During the year company have not accepted any fresh deposits from the public. Old deposits are 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, ServiceTax, 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, 2011 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 ₹ 63.82 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 (₹ in Lacs)
1	Indian Income Tax Act 1961.	MAT A.Y.1999-2000	CIT (A)	27.37
2	— Do —	Penalty A.Y 2000-2001	ITAT	31.94
3	Customs excise & Service Tax Act	Custom Duty	Custom & Service tax Appellate Tribunal	4.51

10. The Company do not have accumulated losses at the end of the year. The Company has not incurred cash loss during the year under audit, there was a cash loss in immediate preceeding 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. Proper records of dealing/ trading in shares, securities, investments etc have been maintained, timely entries have been made. All investments are in the name of the company.
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 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  
Date: 30<sup>th</sup> May, 2011

**BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2011**

	SCHEDULES	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUND</b>			
Share Capital	A	30020000	30020000
Reserve & Surplus	B	218729968	210987364
<b>LOANS FUNDS</b>			
Secured Loans	C	151587025	128213624
Unsecured Loan		1162350	1162350
<b>TOTAL</b>		<b>401499343</b>	<b>370383338</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	74451632	63784868
<b>Less : Depreciation</b>		<b>44475960</b>	<b>41929309</b>
		<b>29975672</b>	<b>21855559</b>
<b>INVESTMENTS</b>			
<b>DEFERRED TAX ASSET</b>	E	<b>29581065</b>	<b>29707706</b>
		<b>2697000</b>	<b>2728000</b>
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
Inventories	F	150194289	151075641
Debtors		143973138	136295450
Cash & Bank Balances		4838969	2113514
Loans & advances		54432278	50809790
		<b>353438674</b>	<b>340294395</b>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	13884145	23924234
Provisions		308923	278088
<b>NET CURRENT ASSETS</b>		<b>339245606</b>	<b>316092073</b>
<b>TOTAL</b>		<b>401499343</b>	<b>370383338</b>
<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 : 30th May, 2011

For **SHANTIVIJAY JEWELS LTD.**

Sd/-  
**P. K. GODHA** (Chairman & M.D)

Sd/-  
**A. K. GODHA** (Vice Chairman & M.D)

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

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

	SCHEDULES	31.03.2011 (₹)	31.03.2010 (₹)
<b>INCOME</b>			
Sales & Operating Income	H	522793717	467238689
Other income	I	7211707	5483448
TOTAL		<u>530005424</u>	<u>472722137</u>
<b>EXPENDITURE</b>			
Materials	J	449220767	423511845
Increase/Decrease in the Stock	K	2231352	(9112549)
Manufacturing / Administrative / Selling & Distribution expenses	L	62139164	58477854
Interest (Net)	M	2433453	2273668
Depreciation		3479141	3272662
Loss on sale of Asset		125552	12312
TOTAL		<u>519629429</u>	<u>478435792</u>
<b>Net Profit for the Year (Before Taxation)</b>		10375995	(5713655)
Add : Deferred Tax Liability		(31000)	138000
Less : Provision for Taxation		2602391	4460738
Add : Profit Brought/Forward		35150192	45186585
<b>Profit Carried to Balance Sheet</b>		<u>42892796</u>	<u>35150192</u>
Earning per share (Basic)(Equity Shares of ₹ 10/- each)		2.58	(3.34)
<b>NOTES TO THE ACCOUNTS</b>	N		
( ) Indicates Deduction			

AS PER ATTACHED REPORT

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

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

Place : Mumbai  
Dated : 30th May, 2011

For **SHANTIVIJAY JEWELS LTD.**

Sd/-  
**P. K. GODHA** (Chairman & M.D)

Sd/-  
**A. K. GODHA** (Vice Chairman & M.D)

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

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

<b>SCHEDULE 'A'</b>	31.03.2011	31.03.2010
<b>SHARE CAPITAL</b>	(₹)	(₹)
<b>Authorised</b>		
6000000 Equity Shares of ₹ 10/- each	<b>60000000</b>	60000000
<b>Issued</b>		
3002000 Equity shares of ₹10 each	<b>30020000</b>	30020000
<b>Subscribed &amp; Paid Up</b>		
3002000 Equity Shares of ₹ 10/- each fully paid. (Out of the above 700000 fully paid equity shares were issued as Bonus Shares by Capitalisation of General Reserves.)	<b>30020000</b>	30020000
<b>TOTAL</b>	<b>30020000</b>	30020000

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

Share premium	<b>46797952</b>	46797952
Capital Reserve	<b>20055422</b>	20055422
General Reserve Balance	<b>108983798</b>	108983798
Profit & Loss Account	<b>42892796</b>	35150192
<b>TOTAL</b>	<b>218729968</b>	210987364

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

<b>PACKING CREDIT</b>	<b>116210725</b>	94294433
<b>DISCOUNTED BILLS</b>	<b>35376300</b>	33919191
(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 whole time directors & their relatives.)		
<b>TOTAL</b>	<b>151587025</b>	128213624

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

(FIGURES IN ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AT COST ON 1.4.2010	ADDITIONS DURING THE YEAR	SALE/ TRANSFER	TOTAL	UPTO 1.4.2010	FOR THE YEAR 31.03.2011	ADJ. ON SALE/ TRANSFER	UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
Building	29602180	7673141	0	37275321	17814554	1454376	0	19268932	18006389	11787626
Plant & Machinery	18757486	698044	0	19455530	13561026	760217	0	14321244	5134286	5196460
Elec. Installation	1329951	108183	0	1438134	967281	65443	0	1032724	405410	362670
Motor Vehicles	5271123	3097377*	1185587	7182913	2878878	758576	932495	2704960	4477953	2392245
Office Equipments	6182129	239964	0	6422093	4810145	300023	0	5110168	1311925	1371984
Furniture & Fixtures	2641999	35642	0	2677641	1897425	140507	0	2037932	639708	744573
<b>TOTAL</b>	63784868	11852351	1185587	74451632	41929309	3479142	932495	44475960	29975671	21855558
Previous Year	62985119	2112953	1313204	63784868	39769091	3272662	1112447	41929309	21855558	23216028

Note : \* Motor Vehicle of ₹ 30.97 lacs purchased during the year is in the name of the Director of the company.

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

<b>SCHEDULE 'E'</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>INVESTMENTS</b>	<b>(₹)</b>	<b>(₹)</b>
<b>A) FULLY PAID EQUITY SHARES, QUOTED, NON TRADING, LONG TERM, AT COST</b>		
Gujrat Fluorochemicals Ltd - 300 Shares of ₹ 10/- each	32475	32475
Canara Bank -4100 sharss of ₹ 10/- each	143500	143500
Yes Bank ltd - 4000 shares of ₹ 10/- each	0	982076
Infosys Technologies Ltd - 180 shares of ₹ 5/- each	0	500976
United Spirits Ltd - 370 shares of ₹ 10/- each	0	500083
Larsen & Toubro Ltd - 310 shares of ₹ 2/- each	0	499807
Dr.Reddys Laboratories Ltd - 450 shares of ₹ 5/- each	0	499948
Reliance Industries Ltd - 450 shares of ₹ 10/- each	0	490959
	<b>175975</b>	<b>3649824</b>
<b>UN QUOTED- LONG TERM</b>		
In wholly owned Subsidiary Company		
450250 fully paid Equity shares of US \$ 1 each in Shantivijay Jewels International Ltd Mauritius.	18826410	18826410
183000 fully paid Equity shares of Rs.10/- each of German Garden Ltd.	2021613	2021613
Less : Provision for Dimunition in the value	2021613	0
	<b>0</b>	<b>19002385</b>
		1838613
		183000
		22659234
<b>B) INVESTMENTS IN MUTUAL FUNDS</b>		
<b>MUTUAL FUNDS - CURRENT INVESTMENTS - UNQUOTED</b>		
ICICI Prud Flexible Income plan -95516.0420 Units of ₹ 10/- each	10078680	6548472
<b>MUTUAL FUNDS - LONG TERM INVESTMENTS - UN QUOTED</b>		
SBI MF-Magnum Global fund - 15375 Units of ₹ 10/- each	500000	500000
(Market Value of quoted shares ₹ 26.32 Lacs, Previous Yr ₹ 52.81 Lacs)		
(Book value ₹ 1.76 Lacs , Previous year ₹ 36.50 Lacs )		
	<b>10578680</b>	<b>7048472</b>
<b>TOTAL</b>	<b>29581065</b>	<b>29707706</b>
<b>SCHEDULE 'F'</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
(As taken ,valued & certified by Directors)		
Raw Materials	109989441	107251128
Finished Goods	38641515	41671660
Stores & Spares	1563333	2152853
<b>TOTAL</b>	<b>150194289</b>	<b>151075641</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Due for less than 6 months	123830303	120107302
Due for more than 6 months	20142835	16188148
(Including ₹ 98.36 Lacs due from Shantivijay Impex, subsidiary of wholly owned subsidiary Pr.year ₹ 17.64 Lacs )		
	<b>143973138</b>	<b>136295450</b>
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	404220	513437
<b>Balance with scheduled banks</b>		
In current A/C	3062906	286951
In fixed deposit A/C (with accrued interest)	965773	904232
In EEFC Account	406070	408894
<b>TOTAL</b>	<b>4838969</b>	<b>2113514</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances receivable in cash or in kind or for value to be received	34546190	22777151
Deposits with Government and other agencies	10741690	10749537
Taxes Paid (Income Tax)	9144398	17283102
<b>TOTAL</b>	<b>54432278</b>	<b>50809790</b>



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

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<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 N)	0	0
b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	11809947	21766553
Due to Directors	741374	824457
Deposit received	1320602	1320602
Unpaid dividend 2007	12222	12622
<b>TOTAL</b>	<b>13884145</b>	<b>23924234</b>
<b>B) PROVISIONS</b>		
Employee benefit Scheme	308923	278088
<b>TOTAL</b>	<b>308923</b>	<b>278088</b>
<b>SCHEDULE 'H'</b>		
<b>SALES AND OPERATING INCOME</b>		
Sales	522691217	467238689
Labour	102500	0
<b>TOTAL</b>	<b>522793717</b>	<b>467238689</b>
<b>SCHEDULE 'I'</b>		
<b>OTHER INCOME</b>		
Dividend	463472	193800
Profit on sale of shares	900679	0
Excess prov for exp written back	53122	7248
Rent recd (Tds of ₹ 5.55 lacs)	5794434	5282400
<b>TOTAL</b>	<b>7211707</b>	<b>5483448</b>
<b>SCHEDULE 'J'</b>		
<b>MATERIALS</b>		
<b>1) CONSUMPTION</b>		
Opening Stock of Raw Materials	107251128	104556437
Purchase of Raw Materials	365600527	361689718
Recovered out of Melting of Finished Goods	13347742	11921915
	486199397	478168070
<b>Less : Closing Stock of Raw Materials</b>	<b>109989441</b>	<b>107251128</b>
	376209956	370916942
<b>2) TRADING MATERIALS</b>	<b>73010811</b>	<b>52594903</b>
<b>TOTAL</b>	<b>449220767</b>	<b>423511845</b>

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

	31.03.2011 (₹)	31.03.2010 (₹)
<b>SCHEDULE 'K'</b>		
<b>INCREASE / DECREASE IN STOCK OF FINISHED GOODS / W.I.P.</b>		
Opening Stock of Finished Goods	41671660	31733475
Add : Purchases of Finished Goods	12548949	12747551
	<u>54220609</u>	<u>44481026</u>
<b>Less</b> : Closing Stock of Finished Goods	38641515	41671660
<b>Less</b> : Melting of Finished Goods	13347742	11921915
<b>TOTAL</b>	<u>2231352</u>	<u>(9112549)</u>

**SCHEDULE 'L'**  
**MANUFACTURING/ ADMINISTRATIVE / SELLING & DISTRIBUTION EXPENSES****MANUFACTURING EXPENSES**

Consumable Stores, Spares & Tools	3887837	3512380
Labour Charges	19362549	20742522
Rent	716802	691821
Electricity Charges	1788124	1885290
Seepz Water charges	235060	236348
Repairs & Maintenance to Machinery	686521	676693

**EMPLOYMENT EXPENSES**

Salaries & Wages	9346133	8119756
Contribution to PF & Other Funds (Incl. ₹ 5.04 Lacs for Directors)	1335946	1348704
Welfare Expenses	31571	42455
	<u>10713650</u>	<u>9510915</u>
Directors Remuneration	4559402	4517521
Directors Fees	100000	125000

**ADMINISTRATIVE EXPENSES**

Advertisement Expenses	52087	61945
Professional & Technical Fees	1209147	916393
Bank Charges	2220884	2604226
Rent	94368	93460
Rates & Taxes	76212	76212

**Repairs & Maintenance :**

Others	1025964	833673
Buildings	21550	5000
	<u>1047514</u>	<u>838673</u>
Donations	508251	801000

Contd...

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

	31.03.2011 (₹)	31.03.2010 (₹)
<b>Auditors Remuneration :</b>		
As Auditors	250000	215000
For Taxation Services	55000	50000
For consultancy & other services	70000	60000
	<u>375000</u>	<u>325000</u>
Insurance	908845	850170
Prior Period Items	87357	17855
Other General Expenses	5704621	4147683
Investments written off	2021613	
Less : Provision written back	1838613	0
	<u>183000</u>	
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Exhibition Expenses	1862750	1101186
Travelling Expenses	3063627	1585269
Credit Cards Commission	23805	25937
Freight & Cartage	1419380	1151508
Commission & Discount	1252371	1982847
<b>TOTAL</b>	<u><u>62139164</u></u>	<u><u>58477854</u></u>

**SCHEDULE 'M'  
INTEREST**

Bank Interest	3245243	6913209
Vat Interest	0	1538
	<u>3245243</u>	<u>6914747</u>
Less : Interest recd (Tds. ₹ 0.74 lacs)	811790	2589366
Less: Income tax refund	0	2051713
<b>TOTAL</b>	<u><u>2433453</u></u>	<u><u>2273668</u></u>

**PRIOR PERIOD ITEMS**

Postage & Telephone	1281	0
Sundry expenses	33230	0
Licence fees	0	13655
Vehicle expenses	7357	0
Freight & forwarding	0	2200
Professional fees	40000	0
Interest	5489	0
Membership & subscription	0	2000
<b>TOTAL</b>	<u><u>87357</u></u>	<u><u>17855</u></u>

**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. Current investments are stated at lower of the cost or quoted / fair 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 revenue.

**vii) Sales / Revenue Recognition**

Sales are net of tax 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 the year end rates. In case of forward exchange contracts, the difference between the year end rate 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.

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 ₹ 2.96 Lacs.

Contd...

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

**x) Taxation**

Provision for current tax is made considering Rules/ benefits admissible under Income tax Act 1961. Deferred Tax Liability resulting from timing difference between book profit and taxable profit for the year is calculated by using tax rates & tax laws that have been enacted or substantially enacted at the Balance sheet date.

**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**

	2011	2010
	(₹ in lacs)	
<b>1) CONTINGENT LIABILITIES</b>		
i) In respect of Income Tax matters contested by the company	59.31	122.50
ii) In respect of Sales Tax Matters	0.00	0.85
iii) In respect of Custom Duty matter	4.51	4.51
iv) Estimated Amount of Contracts remaining to be executed on Capital Accounts and not provided for in the accounts.	46.44	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.		

**4) DIRECTORS REMUNERATION**

	2011	2010
	₹	₹
i) Salary	4200000	4200000
ii) Perquisites	359402	317521
iii) Contribution to P. F.	504000	504000
	<u>5063402</u>	<u>5021521</u>
iv) Meeting Fees	100000	125000
v) Estimated monetary value of Perquisite in the form of		
a) Personal use of assets at Residence	21659	20050
b) Personal use of Company Car	79200	52800
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 ₹ 37.55 Lacs (Credit) Previous Year ₹ 38.75 lacs (Debit) including ₹ 6.20 lacs on outstanding Forward Exchange Contract.

**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)**

	(₹ in lacs)			
<u>COUNTRY</u>	<u>SALES</u> <u>31/03/2011</u>	<u>BALANCE ON</u> <u>31/03/2011</u>	<u>SALES</u> <u>31/03/2010</u>	<u>BALANCE ON</u> <u>31/03/2010</u>
<b>EXPORTS</b>				
U.S.A.	1852.06	305.69	1849.71	450.99
EUROPE	1419.86	139.72	1414.04	63.28

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

MIDDLE EAST	906.19	529.64	733.40	422.37
OTHERS	794.28	432.05	572.26	391.27
LOCAL SALES	218.37	32.63	150.81	35.05
	<u>5190.76</u>	<u>1439.73</u>	<u>4720.22</u>	<u>1362.95</u>

**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 ₹ 257.33 Lacs and accumulated depreciation ₹ 154.43 Lacs. Lease income ₹ 55.46 Lacs is recognised on straight-line basis in the Profit & Loss Account. Depreciation ₹ 11.43 Lacs provided during the year at rates for which similar Assets are depreciated. Future lease rental receivable within the period of one year ₹ 60.75 Lacs (Previous Year ₹ 35.22 Lacs).

**9) EARNING PER SHARE (EPS)**

EPS computed in accordance with Accounting Standard - 20.

**Basic & Diluted**

	2011	(₹ in lacs) 2010
Profit after Tax as per Accounts	77.43	(100.36)
Number of Equity Shares issued	3002000	3002000
Face Value of the Shares	10	10
EPS (Basic & Diluted) ₹	2.58	(3.34)

**10) ACCOUNTING FOR DEFERRED TAX**

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

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

**Deferred Tax Liability**

	Upto 31/03/2011	(₹ in lacs) Upto 31/03/2010
<b>Assets</b>		
Difference between Book & Tax Depreciation	26.97	27.28
Deferred Tax Liability Provision required	(0.31)	1.38

**11) INSTALLED CAPACITY** NOT APPLICABLE**12) LICENSED CAPACITY** NOT APPLICABLE**13) QUANTITY DETAILS OF SALES**

	QTY NO / SETS	2011 (Value ₹)	QTY NO / SETS	(₹ in lacs) 2010 (Value ₹)
Jewellery & Objects of Arts (In Nos)	16208	4438.39	23626	4172.14
Diamond & Precious Stones (In Cts )	6020.06	751.84	4460.86	546.53
Others		0.53		1.54
		<u>5190.76</u>		<u>4720.22</u>

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

	Qty.	(₹ In lacs)	Qty.	(₹ In lacs)
Gold (Qty in Kgs)	65.36	1164.82	69.88	1064.29
Diamonds (Qty in Cts)	18981.13	2519.52	19211.82	2587.40
Precious Stones & Metal (Individual Consumption Whereof Accounts for less than 10% of total consumption.)		80.10		63.60
		<u>3764.44</u>		<u>3715.29</u>
ADD : Diamond & Precious Stones Resale (Qty in Cts)	6133.47	729.89	5077.35	525.09
		<u>4494.33</u>		<u>4240.38</u>

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

**15) CONSUMPTION OF IMPORTED & INDIGENOUS RAW MATERIALS & STORES**

<b>A) RAW MATERIALS CONSUMED</b>	<b>(₹ in lacs)</b>	<b>%</b>	<b>(₹ in lacs)</b>	<b>%</b>
Indigenous	<b>4022.24</b>	89%	3817.03	90%
Imported	<b>472.09</b>	11%	423.35	10%
<b>B) STORES &amp; TOOLS CONSUMED</b>				
Indigenous	<b>19.26</b>	<b>50%</b>	16.13	46%
Imported	<b>19.59</b>	<b>50%</b>	18.85	54%

<b>16) QUANTITY DETAILS OF PURCHASE OF FINISHED GOODS</b>	<b>Nos.</b>	<b>(₹ in Lacs)</b>	<b>Nos.</b>	<b>(₹ in Lacs)</b>
Jewellery & Objects of Arts	<b>549</b>	136.55	<b>730</b>	189.82

**17) QUANTITY DETAILS OF ACTUAL PRODUCTION**

Jewellery Articles & Objects Arts (net of broken)	<b>15636 Nos.</b>	<b>23340 Nos.</b>
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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 31-03-2011 ₹ 276.44 Lacs US \$ 600000 (Previous Year ₹ NIL)
- 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 31-03-2011 ₹ 22.35 Lacs on account of Imports & others (Pr. Yr 62.82 Lacs) and ₹1126.29 lacs on account of Export of goods. (Previous Year ₹ 1326.02 lacs)

**20) CIF VALUE OF IMPORTS**

(Including Inter Unit Purchases)	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
Raw Materials	<b>130.44</b>	458.74
Stores & Consumables & Spares	<b>16.12</b>	13.97
Finished Goods	<b>122.60</b>	129.60
	<b>269.17</b>	602.30

**21) EXPENDITURE IN FOREIGN CURRENCY**

	<b>(₹ in lacs)</b>	<b>(₹ in lacs)</b>
Travelling Expenses	<b>16.71</b>	7.92
Exhibition Expenses & Advances	<b>24.87</b>	11.82
Bank Charges	<b>1.29</b>	0.65
Postage & Telephone	<b>0.07</b>	0
Sales Commission	<b>12.52</b>	19.17
	<b>55.47</b>	39.56

22) **EARNINGS IN FOREIGN EXCHANGE** FOB Value of Exports

**4958.62** 4559.74

**23) NO OF NON RESIDENTIAL SHARE HOLDERS**

**9** **8**

No of Shares held by them

**60435** **60415**

Dividend Remitted

NIL NIL

(Dividend not Remitted during the Year)

**24) STOCK OF FINISHED GOODS**

(₹ In lacs ) &( Qty in Nos)

	<b>(2010 - 2011)</b>		<b>(2009 - 2010)</b>		<b>(2008 - 2009)</b>	
	<b>QTY</b>	<b>VALUE</b>	<b>QTY</b>	<b>VALUE</b>	<b>QTY</b>	<b>VALUE</b>
Jewellery Articles & Objects of Arts	1188	386.42	1752	416.72	1308	317.33

**SCHEDULE 'A' TO 'N' ATTACHED TO & FORMING PART OF ACCOUNTS (Contd.)****25) BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I] REGISTRATION DETAILS**

Registration No. :	<b>23289</b>	State Code :	<b>11</b>
Balance Sheet Date	<b>31</b>	<b>03</b>	<b>2011</b>
	<b>Date</b>	<b>Month</b>	<b>Year</b>

**II] CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ IN THOUSANDS)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Issue	NIL

**III] POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (AMOUNT IN ₹ IN THOUSANDS)**

Total Liabilities	401499	Total Assets	401499
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**SOURCES OF FUNDS**

Paid-Up Capital	30020	Reserve & Surplus	218730
Secured Loans	151587	Unsecured Loans	1162

**APPLICATION OF FUNDS**

Net Fixed Assets	29976	Investments	29581
Net Current Assets	339245	Miscellaneous Expenditure	NIL
Accumulated Loss	NIL	Deferred Tax Assets	2697

**IV] PERFORMANCE OF COMPANY (AMOUNT IN ₹ IN THOUSANDS)**

Turnover	530005	Total Expenditure	519629
Profit Before Tax	10376	Profit After Tax	7743
Earning Per Share in ₹	2.58	Dividend Rate (%)	NIL

**V] GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY**

(AS PER MONETARY TERMS)

Item Code No. (ITX Code)	NIL
Product Description :	<b>Gems &amp; Jewellery Studded with Precious Stones</b>

AS PER OUR ATTACHED REPORT

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

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

Place : Mumbai  
Dated : 30 th May, 2011

For **SHANTIVIJAY JEWELS LTD.**

Sd/-  
**P. K. GODHA** (Chairman & M.D)

Sd/-  
**A. K. GODHA** (Vice Chairman & M.D)

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



**ANNEXURE**

**ENCLOSURE FOR RELATED 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 DMCC (Subsidiary of Shantivijay Jewels International Ltd.)
- B) Associate Companies  
 i) Precious Gems Pvt. Ltd.
- C) Key Management Personnel & Relatives  
 Shri Pradeep Kumar Godha - Chairman & Managing Director  
 Shri 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 ₹)

SR. NO	NAME OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTION	TRANSACTION AMOUNT 31.03.2011	OUTSTANDING 31.03.2011	TRANSACTION AMOUNT 31.03.2010	OUTSTANDING 31.03.2010
1	Shantivijay Impex FZCO	Subsidiary of Wholly owned subsidiary	Sales	14855671	9835526 DR	8761793	1763897 DR
2	Shantivijay Impex FZCO	Subsidiary of Wholly owned subsidiary	Purchases	0	0	0	0
3	Pradeep Kumar Godha	Managing Director	Remuner+perks	2252783	422110 CR	2237938	592644 CR
4	Anurag Godha	Managing Director	Remuner+perks	2306619	319264 CR	2279583	231813 CR
5	Rajrani Godha	Wife of Director	Remuneration +Bonus and rent paid	148320	28483 CR	128167	237781 CR
			Advance recd	0	1162350 CR	0	1162350 CR
			Security deposit paid	0	8500000 DR	0	8500000 DR
6	Sudha Godha	Wife of Director	Remuneration +Bonus	205704	90844 CR	168800	121471 CR
7	Namita Godha	Wife of Director	Remuneration +Bonus	205704	160573 CR	168800	103341 CR
			Sale of Jewellery	87971	0	0	0
<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 31<sup>ST</sup> MARCH, 2011**

	2011 ₹	(₹ in Thousands) 2010 ₹
<b>A. CASH FLOW FROM OPERATION ACTIVITIES :-</b>		
Net Profit before tax & extraordinary items	10376	(5714)
<b>Add: Adjustments for :</b>		
Depreciation	3479	3273
Interest paid	3245	6915
	<u>17100</u>	<u>4474</u>
<b>Adjustments for :</b>		
Interest/Dividend Received	(1275)	(4835)
Profit on sale of Shares	(901)	0
Loss on sale of Assets	126	12
Diminution in the value of Investment	183	0
<i>Operating Profit before working capital changes</i>	<u>15233</u>	<u>(349)</u>
<b>Adjustments for :</b>		
Trade & other receivables	(19439)	(20510)
Inventories	881	(12135)
Trade Payables	(10009)	16533
<b>Cash generated from Operation</b>	<u>(13334)</u>	<u>(16460)</u>
Interest Paid	(3245)	(6915)
Taxes Refund	5536	(2512)
<i>Net cash (used in) / from Operating activities</i>	<u>(11043)</u>	<u>(25887)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchase of Fixed assets	(11852)	(2113)
Investments	(56)	(10522)
Sale of Fixed Assets.	128	188
Profit on Sale of shares	901	0
Interest & Dividend Received	1275	4835
<i>Net cash (used in) / from Investment activities</i>	<u>(9604)</u>	<u>(7612)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Increase in Bank borrowings	23373	8602
<i>Net cash (used in) / from Finance activities</i>	<u>23373</u>	<u>8602</u>
<b>NET INCREASE IN CASH EQUIVALENTS (B+C+A)</b>	<u>2726</u>	<u>(24898)</u>
Cash and Cash Equivalents		
Opening Balance	2113	27011
Closing Balance	<u>4839</u>	<u>2113</u>
	<u>2726</u>	<u>(24898)</u>

( ) Indicates deductions.

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**  
Chartered AccountantsSd/-  
**B.F. Chordia**  
ProprietorPlace : Mumbai  
Dated : 30th May, 2011For **SHANTIVIJAY JEWELS LTD.**Sd/-  
**P. K. GODHA** (Chairman & M.D)Sd/-  
**A. K. GODHA** (Vice Chairman & M.D)Sd/-  
Directors  
**S. S. KASLIWAL**  
**J. B. SHAH**  
**T. A. MAVANI**

**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, 2011, 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 DMCC Dubai whose financial statements reflect total assets (Net) of ₹ 1053.22 lakhs as at March 31, 2011 and total revenues of ₹ 2094.58 lakhs for the year then ended except their Auditors have not disqualified their reports except failure to account for the gain arising during the year amounting to US \$ 13,15,632. 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 31st March, 2011.
  - 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 that ended.

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

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

Place: Mumbai  
Dated: 30th May, 2011.

## CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2011

	SCHEDULES	AS AT	
		31.03.2011	31.03.2010
		(₹)	(₹)
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUND</b>			
Share Capital	A	30020000	30020000
Reserve & Surplus	B	304331742	284396608
<b>LOANS FUNDS</b>			
Secured Loans	C	151587025	128213624
Unsecured Loans		1162350	1162350
TOTAL		<u>487101117</u>	<u>443792582</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	D	82025556	71834899
Less : Depreciation		<u>45133663</u>	<u>42426217</u>
		36891893	29408682
<b>INVESTMENTS</b>			
DEFERRED TAX ASSETS	E	10754655	10881296
DEFERRED TAX ASSETS		2697000	2728000
<b>CURRENT ASSETS LOANS &amp; ADVANCES</b>			
Inventories	F	260946989	223338114
Debtors		177587043	189089590
Cash & Bank Balances		6382274	5242685
Loans & advances		55107058	51426896
		<u>500023364</u>	<u>469097285</u>
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Current Liabilities	G	62956870	68044592
Provisions		<u>308923</u>	<u>278088</u>
NET CURRENT ASSETS		436757569	400774604
TOTAL		<u>487101117</u>	<u>443792582</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 : 30th May, 2011

For **SHANTIVIJAY JEWELS LTD.**

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

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

Directors  
**S. S. KASLIWAL**  
**J. B. SHAH**  
**T. A. MAVANI**

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH,2011**

SCHEDULES	For the year ended 31.03.2011 (₹)	For the year ended 31.03.2010 (₹)
<b>INCOME</b>		
Sales & Operating Income	717396365	611936994
Other income	7211707	5594647
	<u>724608072</u>	<u>617531641</u>
<b>EXPENDITURE</b>		
Materials	449220767	423511845
Increase/Decrease in the Stock	175658241	116551445
Manufacturing, Maintenance & Administrative Expenses	69531957	66731858
Interest (Net)	2433453	2273668
Depreciation	4151151	3322427
Loss on sale of Asset	125552	12312
<b>TOTAL</b>	<b>701121094</b>	<b>612403555</b>
<b>Net Profit for the Year (Before Taxation)</b>	<b>23486977</b>	<b>5128087</b>
Add : Deferred Tax Liability	(31000)	138000
Less : Provision for Taxation	2602391	4460738
Add : Profit Brought/Forward	105759460	104954112
<b>Profit Carried to Balance Sheet</b>	<b>126613046</b>	<b>105759461</b>
Earning per share (Basic)(Equity Shares)	6.95	0.27
<b>NOTES TO THE ACCOUNTS</b>	<b>N</b>	

AS PER OUR ATTACHED REPORT

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

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

Place : Mumbai  
Dated : 30th May, 2011

For **SHANTIVIJAY JEWELS LTD.**

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

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

Directors  
**S. S. KASLIWAL**  
**J. B. SHAH**  
**T. A. MAVANI**

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

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
6000000 Equity Shares of ₹ 10/- each	<u>60000000</u>	<u>60000000</u>
<b>Issued</b>		
3002000 Equity shares of ₹ 10/- each	<u>30020000</u>	<u>30020000</u>
<b>Subscribed &amp; Paid Up</b>		
3002000 Equity Shares of ₹ 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
Exchange translation reserve	1881524	2799974
Profit & Loss Account	126613046	105759461
<b>TOTAL</b>	<u><u>304331742</u></u>	<u><u>284396607</u></u>

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

<b>PACKING CREDIT</b>	116210725	94294433
<b>DISCOUNTED BILLS</b>	35376300	33919191
(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 whole time directors & their relatives.)		
<b>TOTAL</b>	<u><u>151587025</u></u>	<u><u>128213624</u></u>

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

(FIGURES IN ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AT COST ON 1.4.2010	ADDITIONS DURING THE YEAR	SALE / TRANSFER	TOTAL	UPTO 01.04.2010	FOR THE YEAR 31.03.2011	ADJ ON SALE / TRANSFER	UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
Building	35867878	7673141	0	43541019	17814554	1767666	0	19582220	23958798	18096885
Plant & Machinery	18757486	698044	0	19455530	13561026	760217	0	14321243	5134286	5196460
Elec. Installation	1329951	108183	0	1438134	967281	65443	0	1032724	405410	362670
Motor Vehicles	5271123	3097377*	1185587	7182913	2878878	758576	932495	2704959	4477953	2392246
Office Equipments	6182129	239964	0	6422093	4810145	300023	0	5110168	1311924	1371983
Furniture & Fixtures	3771954	213913	0	3985867	1897425	484920	0	2382345	1603522	1988438
<b>TOTAL</b>	71180521	12030622	1185587	82025556	41929309	4136844	932495	45133658	36891894	29408682
Previous Year	69856974	3291129	1313204	71834899	40218899	3319762	1112447	42426216	29408682	30470508

Note : \* Motor Vehicle of ₹ 30.97 lacs purchased during the year is in the name of the Director of the Company.

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

	31.03.2011 (₹)		31.03.2010 (₹)
<b>SCHEDULE 'E'</b>			
<b>INVESTMENTS</b>			
<b>A) FULLY PAID EQUITY SHARES, QUOTED, NON TRADING LONG TERM, AT COST</b>			
Gujrat Fluorochemicals Ltd - 300 Shares of ₹ 10/- each	32475		32475
Canara Bank - 4100 shares of ₹ 10/- each	143500		143500
Yes Bank Ltd - 4000 shares of ₹ 10/- each	0		982076
Infosys Technologies Ltd - 180 shares of ₹ 5/- each	0		500976
United Spirits Ltd - 370 shares of ₹ 10/- each	0		500083
Larsen & Toubro Ltd - 310 shares of ₹ 2/- each	0		499807
Dr.Reddys Laboratories Ltd - 450 shares of ₹ 5/- each	0		499948
Reliance Industries Ltd - 450 shares of ₹ 10/- each	0		490959
	<u>175975</u>		<u>3649824</u>
183000 fully paid Equity shares of ₹10/- each of German Garden Ltd.	2021613		2021613
Less : Provision for Diminution in the value	2021613	0	175975
		<u>1838613</u>	<u>183000</u>
<b>B) INVESTMENTS IN MUTUAL FUNDS</b>			
<b>MUTUAL FUNDS - CURRENT INVESTMENTS - QUOTED</b>			
ICICI Prud Flexible Income plan - 95516.0420 Units of ₹ 10/- each		10078680	6548472
<b>MUTUAL FUNDS - LONG TERM INVESTMENTS - UN QUOTED</b>			
SBI MF-Magnum Global fund - 15375 Units of ₹ 10/- each (Market Value of quoted shares ₹ 127.10 Lacs, Previous Year ₹ 118.30 Lacs) (Book value ₹ 1.76 Lacs, Previous year ₹ 36.50 Lacs)	500000	10578680	500000
TOTAL		<u>10754655</u>	<u>10881296</u>
<b>SCHEDULE 'F'</b>			
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
<b>INVENTORIES</b>			
(As taken, valued & certified by Directors)			
Raw Materials		109989441	107251128
Finished Goods		149394215	113934133
Stores & Spares		1563333	2152853
TOTAL		<u>260946989</u>	<u>223338114</u>
<b>SUNDRY DEBTORS</b>			
(Unsecured, considered good)			
Due for less than 6 months		126849248	135401784
Due for more than 6 months		50737796	53687807
TOTAL		<u>177587043</u>	<u>189089590</u>
<b>CASH AND BANK BALANCES</b>			
Cash in Hand		448320	643197
<b>Balance with scheduled banks</b>			
In current A/C		4562112	3286362
In fixed deposit A/C (with accrued interest)		965773	904232
In EEFC Account		406070	408894
TOTAL		<u>6382274</u>	<u>5242685</u>

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

	31.03.2011 (₹)	31.03.2010 (₹)
<b>LOANS AND ADVANCES</b>		
Unsecured, considered good (Advances Receivable in cash or in kind or value to be received)	34650043	22881004
Deposits with Government and other agencies	11312618	11262790
Taxes Paid (Income Tax)	9144398	17283102
<b>TOTAL</b>	<b>55107058</b>	<b>51426896</b>
<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 N)	0	0
b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	57309006	64855738
Due to the Directors	741374	824457
Advance/Deposit Received	4894268	2351775
Unpaid dividend 2007	12222	12622
<b>TOTAL</b>	<b>62956870</b>	<b>68044593</b>
<b>B) PROVISIONS</b>		
Employee benefit Scheme	308923	278088
<b>TOTAL</b>	<b>308923</b>	<b>278088</b>
<b>SCHEDULE 'H'</b>		
<b>SALES AND OPERATING INCOME</b>		
Sales	717293865	611936994
Labour	102500	0
<b>TOTAL</b>	<b>717396365</b>	<b>611936994</b>
<b>SCHEDULE 'I'</b>		
<b>OTHER INCOME</b>		
Dividend	463472	193800
Profit on sale of shares	900679	0
Excess prov for exp written back	53122	118447
Rent recd (Tds of ₹ 5.55 lacs)	5794434	5282400
<b>TOTAL</b>	<b>7211707</b>	<b>5594647</b>
<b>SCHEDULE 'J'</b>		
<b>MATERIALS</b>		
<b>1) CONSUMPTION</b>		
Opening Stock of Raw Materials	107251128	104556437
Purchase of Raw Materials	365600527	361689718
Recovered out of Melting of Finished Goods	13347742	11921915
	486199397	478168070
Less : Closing Stock of Raw Materials	109989441	107251128
	376209956	370916942
<b>2) TRADING MATERIALS</b>		
	73010811	52594903
<b>TOTAL</b>	<b>449220767</b>	<b>423511845</b>



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

	31.03.2011 (₹)		31.03.2010 (₹)
<b>SCHEDULE 'K'</b>			
<b>INCREASE/DECREASE IN STOCK OF FINISHED GOODS/W.I.P.</b>			
Opening Stock of Finished Goods	40537540		111191396
Add : Purchases of Finished Goods	297862631		131216097
	<u>338400171</u>		<u>242407493</u>
Less : Closing Stock of Finished Goods	149394215		113934133
Less : Melting of Finished Goods	13347742		11921915
TOTAL	<u>175658214</u>		<u>116551445</u>
<b>SCHEDULE 'L'</b>			
<b>MANUFACTURING/ADMINISTRATIVE/SELLING &amp; DISTRIBUTION EXPENSES</b>			
<b>MANUFACTURING EXPENSES</b>			
Consumable Stores, Spares & Tools	3887837		3512380
Labour Charges	19362549		20742522
Rent	716802		691821
Electricity Charges	1880429		1975956
Seepz Water charges	235060		236348
Repairs & Maintenance to Machinery	686521		676693
<b>EMPLOYMENT EXPENSES</b>			
Salaries & Wages	10079831	8773479	
Contribution to PF & Other Funds (Incl. ₹ 5.04 Lacs for Directors)	1335946	1348704	
Welfare Expenses	31571	11447348	42455
Directors Remuneration		4673302	4636026
Directors Fees		100000	125000
<b>ADMINISTRATION EXPENSES</b>			
Advertisement Expenses		52087	61945
Professional & Technical Fees		1318218	1354975
Bank Charges		2343121	2666307
Rent		1157966	1906901
Rates & Taxes		76212	76212
<b>Repairs &amp; Maintenance :</b>			
Others	1102824		833673
Buildings	131213	1234037	5000
Donations		508251	801000
<b>Auditors Remuneration :</b>			
As Auditors	434062		380488
For Taxation Services	55000		50000
For consultancy services	70000	559062	60000
Insurance		908845	923785
Prior Period Items		87357	17855
Other General Expenses		9919969	8721059
Investments written off	2021613		
Less : Provision written back	1838613	183000	0
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>			
Exhibition Expenses		1862750	1101186
Travelling Expenses		3494306	1771474
Credit Cards Commission		23805	25937
Freight & Cartage		1454097	1151508
Commission & Discount		1359027	2061168
TOTAL		<u>69531957</u>	<u>66731858</u>

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

	31.03.2011 (₹)	31.03.2010 (₹)
<b>SCHEDULE 'M'</b>		
<b>INTEREST</b>		
Bank Interest	3245243	6913209
Vat Interest	0	1538
	<u>3245243</u>	<u>6914747</u>
Less : Interest recd (Tds. ₹ 0.74 lacs)	811790	2589366
Less: Income tax refund	0	2051713
<b>TOTAL</b>	<u><u>2433453</u></u>	<u><u>2273668</u></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 Subsidiary Shantiivjay 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 31.03.2011
a) Shantiivjay Jewels International Ltd	Mauritius	100 %
b) Shantiivjay Impex DMCC (Wholly owned subsidiary 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**

COUNTRY	SALES	BALANCE ON 31.03.2011	SALES	(₹ in Lacs)
				BALANCE ON 31.03.2010
<b>EXPORTS</b>				
U.S.A	2022.32	321.31	1990.12	470.79
EUROPE	2466.86	302.19	1939.91	232.41
MIDDLE EAST	1458.55	550.82	1245.09	634.01
OTHERS	970.69	568.92	841.27	518.65
<b>LOCAL SALES</b>	<b>218.37</b>	<b>32.63</b>	150.81	35.04
	<b>7136.79</b>	<b>1775.87</b>	<b>6167.20</b>	<b>1890.90</b>

**vi) Contingent Liabilities**

	2011	2010
i) In respect of Income tax matters contested by the company	59.31	122.50
ii) In respect of Sales tax matters	NIL	0.85
iii) In respect of Custom Duty matter	4.51	4.51
iv) Estimated amount of Contracts remaining to be executed on Capital Accounts and not provided for in the accounts.	NIL	NIL

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

**viii) DIRECTORS REMUNERATION**

	2011 (₹)	2010 (₹)
i) Salary	4313900	4318505
ii) Perquisites	359402	317521
iii) Contribution to P.F.	504000	504000
	<b>5177302</b>	<b>5140026</b>
iv) Meeting Fees	100000	125000
v) Estimated monetary value of perquisite in the form of		
a) Personal use of assets at Residence	21659	20050
b) Personal use of Company Car	79200	52800

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

EPS computed in accordance with Accounting standard –20.

Basic & Diluted	2011 (₹ in Lacs)	2010 (₹ in Lacs)
Profit/Loss after tax as per Accounts	208.54	8.05
Number of equity shares issued	3002000	3002000
Face value of the Shares	10	10
EPS(Basic & Diluted)	6.95	0.27

**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 Liability 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.

**xi) Related party transaction:** As per Annexure "A" 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. Current investments are stated at lower of the cost or quoted / fair value.

**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 forward exchange contracts, the difference between the year end rate 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 (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 ₹ 2.96 lacs.

AS PER OUR ATTACHED REPORT

**B.F. Chordia & Co.**

Chartered Accountants

Sd/-

**B.F. Chordia**

Proprietor

Place : Mumbai

Dated : 30th May, 2011.

For **SHANTIVIJAY JEWELS LTD.**

Sd/-

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

Sd/-

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

Sd/-

Directors

**S. S. KASLIWAL**

**J. B. SHAH**

**T. A. MAVANI**

**ANNEXURE RELATED PARTIES DISCLOSURES:**

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 DMCC (Subsidiary of Shantivijay Jewels International Ltd.)
- B) Associate Companies
  - i) Precious Gems Pvt. Ltd.
- C) Key Management Personnel & Relatives
  - Shri Pradeep Kumar Godha - Chairman & Managing Director
  - Shri 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 ₹)

SR. NO	NAME OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTION	TRANSACTION AMOUNT	OUTSTANDING	TRANSACTION AMOUNT	OUTSTANDING
				31.03.2011	31.03.2011	31.03.2010	31.03.2010
1	Pradeep Kumar Godha	Managing Director	Remuner+perks	2252783	422110 CR	2237938	592644 CR
2	Anurag Godha	Managing Director	Remuner+perks	2306619	319264 CR	2279583	231813 CR
3	Rajrani Godha	Wife of Director	Remuneration +Bonus and rent paid	148320	28483 CR	128167	237781 CR
			Advance recd	0	1162350 CR	0	1162350 CR
			Security deposit paid	0	8500000 DR	0	8500000 DR
4	Sudha Godha	Wife of Director	Remuneration +Bonus	205704	90844 CR	168800	121471 CR
5	Namita Godha	Wife of Director	Remuneration +Bonus	205704	160573 CR	168800	103341 CR
			Sale of Jewellery	87971	0	0	0
6	International Financial Services Ltd	Company in which Director are interested	Remuneration	113900	0	118505	0
<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

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

	2011 ₹	2010 ₹
(₹ in Thousands)		
<b>A. CASH FLOW FROM OPERATION ACTIVITIES :-</b>		
Net Profit before tax & extraordinary items	22973	4224
<b>Adjustments for :</b>		
Depreciation	4137	3320
Interest paid	3245	6915
	<u>30354</u>	<u>14459</u>
<b>Adjustments for :</b>		
Write off of over provision	0	(105)
Interest/Dividend Received	(1275)	(4835)
Loss on sale of Assets	126	12
Profit on sale of Shares	(901)	0
Diminution in the value of Investment	183	0
Operating Profit before working capital changes	<u>28487</u>	<u>9531</u>
<b>Adjustments for :</b>		
Trade & other receivables	(59040)	(23538)
Inventories	(110766)	(13885)
Trade Payables	44389	12928
Cash generated from Operation	<u>(96929)</u>	<u>(14964)</u>
Interest Paid	(3245)	(6915)
Taxes Refund	5536	(2512)
Net cash (used in)/from Operating activities	<u>(94639)</u>	<u>(24391)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :-</b>		
Purchase of Fixed assets	(12030)	(3291)
Investments	1159	(10522)
Surplus in closing of Subsidiaries	58664	0
Sale of Fixed Assets.	128	188
Profit on sale of shares	901	0
Interest & Dividend Received	1275	4835
Net cash /(used in)/from Investment activities	<u>50097</u>	<u>(8790)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :-</b>		
Increase in bank borrowings	23373	8602
Net cash (used in)/from Finance activities	<u>23373</u>	<u>8602</u>
<b>NET INCREASE IN CASH EQUIVALENTS (B+C-A)</b>	<u>(21168)</u>	<u>(24579)</u>
Cash and Cash Equivalents		
Opening Balance	4729	29856
Closing Balance	<u>(16439)</u>	<u>5277</u>
	<u>(21168)</u>	<u>(24579)</u>

( ) Indicates deductions.

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

AS PER OUR ATTACHED REPORT

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

Sd/-

**B.F. Chordia**  
ProprietorPlace : Mumbai  
Dated : 30th May, 2011For **SHANTIVIJAY JEWELS LTD.****P. K. GODHA** (Chairman & M.D)**A. K. GODHA** (Vice Chairman & M.D)Directors  
**S. S. KASLIWAL**  
**J. B. SHAH**  
**T. A. MAVANI**

## SHANTIVIJAY JEWELS LIMITED

### 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 DMCC
The financial year of the Subsidiary companies ended on	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2011
Date From which they become subsidiary Companies	22 <sup>nd</sup> May, 1998	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.	54496 – 200 Ordinary shares of AED 1000/- each fully paid up.
b. Extent of interest of holding company at the end of the financial year of the subsidiary companies	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 31 <sup>st</sup> March, 2011	US\$ (16949/-) (equivalent to ₹ (772196/-)	US \$ 299449 (equivalent to ₹ 13642896/-
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries	US\$ 327455 (equivalent to ₹ 14702730/-	US \$ (13829) (equivalent to ₹ (620902/-
b. Dealt within holding Company's accounts:		
i) for the financial year ended 31 <sup>st</sup> March 2011	NIL	NIL
ii) For the financial years of the subsidiary companies since they became the holding company's subsidiaries	NIL	NIL

For SHANTIVIJAY JEWELS LTD.

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

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

Directors

**S. S. KASLIWAL**

**J. B. SHAH**

**T. A. MAVANI**

Place : Mumbai  
Dated : 30th May, 2011.

### Financial details of Subsidiary Companies for the year ended 31<sup>st</sup> March, 2011

(₹ in Lakhs )

Particulars	Shantivijay Jewels International Ltd (Mauritius)	Shantivijay Impex DMCC
Share Capital	200.77	24.30
Reserves & Surplus	725.10	127.36
Total Assets	925.86	1052.16
Total Liabilities	925.86	1052.16
Details of Investments	24.30	0
Turnover (Including other Income )	0	209.46
Profit before Tax	(7.72)	136.43
Provision for Tax	0	0
Profit after Tax	(7.72)	136.43
Proposed Dividend	0	0

**SHANTI VIJAY JEWELS LIMITED**

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

**THIRTY EIGHTH ANNUAL GENERAL MEETING 25TH AUGUST, 2011**

**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 EIGHTH ANNUAL GENERAL MEETING of the Company being held at G-37, Gem & Jewellery Complex, Bldg, No. III. SEEPZ, Andheri (E), Mumbai-400 096 on Thursday 25th August, 2011 at 10.00 A.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 EIGHTH ANNUAL GENERAL MEETING 25TH AUGUST, 2011**

**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 EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Thursday 25th August, 2011 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)