

RENAISSANCE JEWELLERY LIMITED

Annual Report 2007-2008





Dear Members,

It gives me great pleasure to extend a warm welcome to our stakeholders. I would like to thank all who invested in RJL.

We are at a new and exciting point in our journey, and ready to embark on yet another voyage of infinite possibilities.

All we had when we started was a dream, a burning ambition, and plenty of courage. The journey, thus far, has been truly satisfying and rewarding. Our core guiding principles – customer focus, domain expertise and global reach remain unchanged.

A few years back, we adopted the theme 'Renaissance' or the spirit of revival and re-invention, in the context of trends, technology and markets and organizational goals and are moving aggressively to fulfill that vision with the support of a team that has extensive experience, domain expertise and a proven track record of leadership in their respective field of operations.

Today, our rich suite of products continues to expand. Keeping pace with rapidly changing market requirements to provide best-in-class designs that our customers expect while following comprehensive Governance, Compliance framework, ethical business practices, among others, set the course for rapid growth. In spite of the recession facing the US, our company posted consolidated Net Sales of Rs. 595.68 crores for FY 2008, as against Rs. 443.75 crores last year, a hop of 34.24%. For the year ended March 31, 2008, Profit After Tax climbed 32.22% YoY to Rs. 33.62 crores from Rs. 25.43 crores.

The increase in sales is mainly on account of a focused entry into newer segments like bridal and gemstone jewellery.

The fiscal 2007-08 has been the year of achievements:

- We, in December, 2007, completed our Initial Public Offer (IPO) of Rs. 798.64 million in India and listed the on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE).
- We incorporated Renaissance Jewelry New York, INC. (RJNY) to strengthen our base in USA.
- We acquired a 100% equity capital of L. J. Creations Pvt. Ltd. on April 15, 2008 for enhancing our production capacity.
- We received GJEPC award for Outstanding Export performance and contribution in the trade category "Studded precious metal jewellery exports by units in EPZ/EOU complexes during the year 2007-08.
- There will be a consolidation and integration of our growing business through amalgamation of Indian subsidiaries i.e. Verigold Fine Jewellery Pvt. Ltd. and L. J. Creations Pvt. Ltd. The Board has approved the scheme of amalgamation and necessary formalities are in progress. RJL is set to consolidate its position as a leading exporter through recent acquisitions.

To increase profitability margins and cater to various segments, we intend to become a one-stop shop for the full range of studded jewellery.

I believe our potential is limitless and the opportunity is at hand.

Niranjan Shah
Chairman

Renaissance Jewellery Ltd.

Minds behind the Matter

"The gull sees farthest who flies highest"

— Richard Bach



MR. NIRANJANA A. SHAH

aged 60 years, has over 37 years of experience in the gems and jewellery business. He is a Promoter Director and the Chairman of our company. He started his career as partner of M/s. N. Kumar Diamond & Co. in 1970. He addresses overall strategic planning of the company. Mr. Niranjana A. Shah joined the Board of Directors of our Company in 1995 and was appointed as the Chairman with effect from January 1, 2003.

MR. SUMIT N. SHAH

aged 33 years, son of Mr. Niranjana A. Shah, is a graduate from the Bentley College, Boston and has over 13 years of experience in the gems and jewellery business. He is the Managing Director of our Company and he is responsible for strategic planning, business promotion, product development, monitoring long-term plans of our Company and technology transfer/up-gradation.



MR. HITESH M. SHAH

aged 36 years, is a Bachelor in Commerce from Bombay University and has over 15 years of experience in gems and jewellery business. Mr. Hitesh M. Shah joined our company as Chief Financial Officer, and was appointed as an Executive Director in January 2003. He is responsible for merchandising and financial planning.

MR. NEVILLE R. TATA

aged 33 years, our Executive Director, has been associated with our Company since the last 10 years. He has total work experience of 14 years. Prior to joining us, Mr. Tata has worked with Inter Gold Private Limited as a Production Manager. He is currently responsible for the entire operations with relation to production activities.



MR. VEERKUMAR C. SHAH

aged 61 years, is an Independent Director of our Company. He is a practicing Chartered Accountant. He has over 35 years experience in accountancy. He is a director in Kotak Chemicals Limited. He is also member of Audit Committee, Shareholders and Investor Grievance Committee, Remuneration Committee and Chairman of the Audit committee.

MR. VISHWAS. V. MEHENDALE

aged 49 years, is an Independent Director of our Company. He holds a Bachelor's Degree in Commerce from Sydenham College, and a Bachelor's Degree in law from Mumbai University and is a qualified F.C.A. He is the proprietor of V. V. Mehendale & Co., Chartered Accountants and a partner in M/s. Trilokekar Thosar & Associates. He has over 27 years of experience in areas relating to finance, taxation and auditing.



MR. PRAMOD H. LELE

aged 58 years, is an Independent Director of our Company. He holds a Bachelor's Degree in Commerce from Mumbai University, a Bachelor's Degree in Law from Mumbai University, and is a member of the Association of Cost Accountants and Institute of Cost and Work Accountants of India. Mr. Lele is the CEO of P.D. Hinduja National Hospital & Medical Research Centre.

MR. ANIL K. CHOPRA

aged 63 years, is an Independent Director of our Company. He has a Post Graduate Diploma in Management and holds a B.Sc. (Honours) Degree in Chemistry from the Calcutta University. He has 40 years experience interalia marketing of durables & non-durables, commercial operations & management of business ethics.





Birth & Background

"We will accomplish something excellent or commanding only when we listen to this whisper, which is heard by us alone." –Ralph Waldo Emerson

Mr. Niranjana Shah, the Promoter Director and the Chairman of our Company – Renaissance Jewellery Ltd., is a born leader who has reached compelling destinations with his indisputable business acumen, perseverance, timely actions and untiring passion.

Renaissance Jewellery was established in the year 1995 by his son, Mr. Sumit Shah, with a view to revolutionize the process of jewellery making. He is the Managing Director of the Company and marketing, product development and business development are his domain.

Mr. Hitesh M. Shah, Executive Director is responsible for merchandising and finance planning and Mr. Neville Tata, Executive Director is responsible for entire operations.

OUR PRODUCTS

At Renaissance, we design, manufacture, and sell studded gold, platinum, and silver jewellery. Since the past thirteen years we have closely understood the fashion trends and preferences of the US market, and have successfully catered to its varied aesthetic tastes in jewellery.

OUR LOCATIONS

We have been in the studded jewellery business for over a decade, and operate through five manufacturing units of which four units are located at SEEPZ-SEZ at Mumbai and one 100% EOU unit at Bhavnagar, Gujarat.

OUR MOTTO

Our motto is to deliver quality with consistency, and innovation with state-of-the-art technology.

Our immediate goal now is to grow business in the European and far East markets, which promise substantial potential according to the initial response to our team.

OUR SUBSIDIARY COMPANIES

Verigold Fine Jewellery Pvt. Ltd.

L. J. Creations Pvt. Ltd.

Renaissance Jewelry New York Inc.



Product, Process & Planning

"He who fails to plan, plans to fail"

-Proverb



OUR PRODUCT RANGE

We design and manufacture rings, earrings, pendants, bracelets, necklaces, bangles, etc. using polished diamonds, and precious and semi-precious stones, set in gold, platinum, and silver.

PROCESS & PLANNING

"Do your homework well – the single most important beginning to a rewarding future."

Our merchandisers, product development team, and top management regularly review the industry and its progress to understand the current flow and trend of the market. Innovative ideas, meticulous planning, definite execution, ingenious leadership, and sincere hard work have placed Renaissance on the pedestal as one of the leading and most successful company in the Gems and Jewellery Industry.

TRENDY & TECHSAVVY

"Once a new technology rolls over you, if you're not part of the steamroller, you're part of the road."

– Stewart Brand

We are eye-to-eye with new age technology, and hence never fall short of our customers' expectations. Our product design and development are undertaken using sophisticated CAD and CAM machines. We have latest equipments for wax injection, investment, and casting. The entire production process is checked for correct karatage on laser assaying machine. The new age laser soldering machines are used for assembly and the laser marking machines are used for stamping purposes. We also undertake metal mould process to achieve lightweight products. Our readiness and ability to use the most modern machinery and latest technology renders us a competitive edge. We also have a customised ERP solution enabling us to effectively monitor production and inventories.



MANUFACTURING FACILITIES

We are the largest exporter of the studded precious metal jewellery from SEEPZ-SEZ, Mumbai for the year 2007-2008 as recognized by GJEPC. Our up to date and large scale manufacturing facilities, state-of-the-art technology, and stringent quality control enable us to manufacture on a large scale, conforming to international quality standards. Due to our large production base, state-of-the-art technology, and skilled staff, we are successfully able to execute large orders on time. We also enjoy economies of scale and benefit from optimum utilization of the resources possible. Renaissance is spread over 1,26,500 sq. feet including four manufacturing units in Mumbai.

MANPOWER & OTHER DETAILS

Factory	Location	Area Sq. ft.	No. of Employees	Production Capacity (Pcs. per annum)
Unit I	Mumbai	40,000	1250	1,000,000
Unit II	Mumbai	7,000	165	100,000
Unit III	Bhavnagar	64,000	650	350,000
Verigold Fine Jewellery Pvt. Ltd.	Mumbai	5,500	225	150,000
L. J. Creations Pvt. Ltd.	Mumbai	10,000	150	200,000

Human Mind, Spirit & Imagination

"You see things, and you say: 'Why?'"

But I dream things that never were, and I say 'Why not?'"

-George Bernard Shaw

INDUSTRY SCAN

GLOBAL GEMS & JEWELLERY INDUSTRY OVERVIEW

The size of the global jewellery industry has been estimated at 146 billion US dollars at retail prices in 2005. The industry has grown at an average CAGR rate of 5.2% since 2000.

Diamond studded jewellery is the largest segment of this industry (2005 sales estimated at USD 69 billion) which constitutes approximately 48% of the industry sales. The second largest segment is the plain gold jewellery segment with total retail sales of USD 60.7 billion, constituting approximately 41% of the total sales.

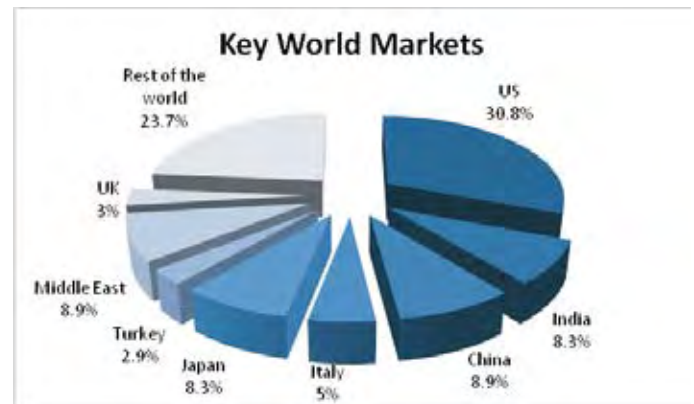


Source: Global jewellery sales (2000-2005), USD billion Source: GJEPC-KPMG Report, 2006.

KEY WORLD MARKETS FOR GEMS AND JEWELLERY

There are eight key markets for the sale of gems and jewellery which account for about 75% of the total world sales.

The US market is leading at 31% of the total sales, whereas India and China have shown steady growth and account for 8.3% and 8.9% of the world sales respectively.



Source: GJEPC-KPMG Report, 2006.

FUTURE OUTLOOK - GLOBAL JEWELLERY INDUSTRY

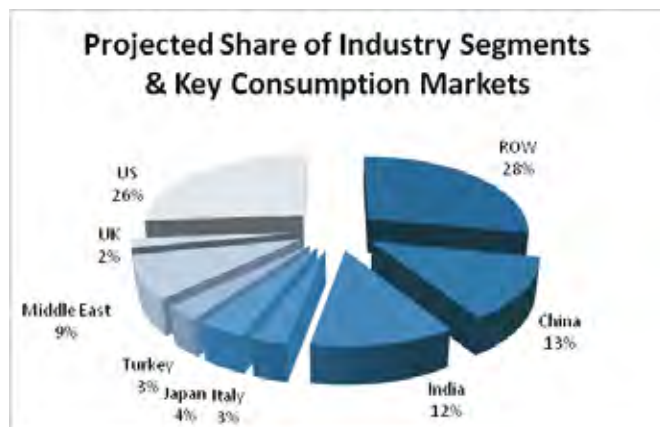
Global jewellery sales are expected to touch USD 230 billion by the year 2015. Amongst the new age metals, palladium is gaining ground, and is expected to establish as an alternative metal for jewellery fabrication, while gold and diamond will continue to dominate the market together, accounting for about 82%.

The projected share of industry segments and key consumption markets shows that by 2015 China and India together will emerge as a market equivalent to the US market. Middle East will surface as another large market, accounting for close to 9% of the global jewellery sales by 2015.

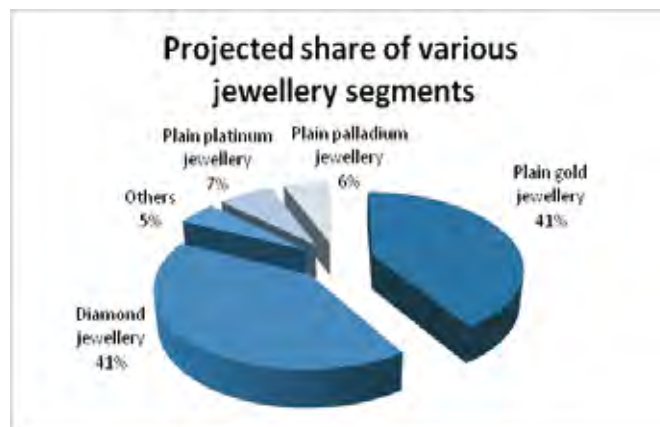


PROJECTED SHARE OF INDUSTRY AND JEWELLERY SEGMENTS

As per GJEPC-KPMG Report, the industry has a potential to grow up to USD 230 billion by 2015 at a CAGR of 6.7%.



Source: GJEPC-KPMG Report, 2006.



Source: GJEPC-KPMG Report, 2006.

INDIAN GEMS AND JEWELLERY INDUSTRY

The gems and jewellery industry is one of the oldest and largest as far as Indian export earnings are concerned. Today, India is one of the leading countries for processing of near gemstone quality, small sized stones.

The Gems and Jewellery Industry contributes around 15% to India's exports. During the FY 2006, exports of Gems and Jewellery aggregated to Rs. 688.30 billion, accounting for 15.1% of India's exports.

(Source: ICRA: The Indian Gems and Jewellery Sector, July 2006).

USA - JEWELLERY MARKET

The US jewellery market has grown at a compound annual growth rate of 5.7% over the last 25 years.

(Source: ICRA: The Indian Gems and Jewellery Sector, July 2006).

The total US jewellery sale, including watches and fashion jewellery, was estimated at \$59 billion in 2005 over \$57 billion in 2004. The most important gold-buying occasion in the US are Christmas, Thanksgiving day, Valentine's day, and Mother's day.

The US diamond jewellery sales are believed to account for about 50% of the worldwide diamond jewellery sales. In US itself, the diamond jewellery sales accounted for 55% of the total jewellery sales in the year 2005.

The US Retail Jewellery Industry is competitive and fragmented. Broadly, it covers segments such as departmental stores, discount outlets, television and home shopping, internet retailers and general merchandise and apparel and accessory stores. The largest jewellery retailer in the US is believed to be Wal-Mart Stores Inc., (our leading customer) who offers a wide assortment of consume jewellery too.



RENAISSANCE - THE INNOVATOR

“Innovation is the ability to see change as an opportunity - not a threat” – Anonymous

Changing trends, fashion, market dynamics, ever-upgrading technology, and emerging markets call for constant observation, analysis and most importantly innovation. Fresh perspective and creative ideas along with research and development make the product timely, relevant, and desirable. We have a team of 40 skilled and inventive designers who share a deep understanding of the existing markets and latest fashion trends. They are proficient with the new age technology and are trained on a regular basis to stay abreast with the latest trends. We have the state-of-the-art design studio equipped with CAD and CAM machines to achieve high level of accuracy and finishing.

Our experienced marketing and product development team visit various trade fairs to gain a deeper insight into the latest fashion and market trends. They also get an opportunity to meet existing as well as prospective clients at these fairs. The teams even visit the retail stores across our target audience which enable us to identify and predict emerging fashion trends. Based on the insights and market demand, our designers work on new designs in tandem with our merchandisers and the sales team. Our designers churn out a whopping 750 designs every month that is in line with our research and our customers' requirements. We have developed a huge library of over 40,000 designs giving customers a wide choice.

RENAISSANCE - THE MARKET LEADER

“The expert in battle seeks his victory from strategic advantage – Sun Tzu

Focus on the studded jewellery market in US, European and far East markets.

We are currently a USA centric company. We have already developed a close understanding of the US market trends and the psyche of our customers. Our immediate goal now is to grow business in the European and far East markets, which promise substantial potential according to the initial response to our team.

NEW PRODUCT CATEGORIES

Nothing ventured, nothing gained – Proverb

In the financial year 2006 we added two new categories to our product portfolio, i.e., Bridal Jewellery and Gemstone Jewellery. Bridal Jewellery includes wedding and engagement rings, etc. while gemstone jewellery is made with precious and semi precious stones such as rubies, sapphires, etc. These product categories give higher realisations which lead to higher operating margins.

STRATEGIC VISION

“The very essence of leadership is that you have to have a vision.” – Proverb

With an unwavering focus on the US markets, we have achieved substantial growth. We have developed a strong marketing network with major retail chains and speciality jewellers during the past few years. We will continue to cater efficiently to our existing customers and capitalize on our credentials to expand our customer base in the US by adding new ones.



Focus on the independent mid-range retailers in the US markets.

Renaissance Jewelry New York Inc. (RJNY) was incorporated as a New York Corporation in USA on April 23, 2007. Common stock of RJNY was allotted to RJL on September 12, 2007, thereby making it a 100% subsidiary of RJL. Historically our sales in the US have been through wholesalers and large retail chains, which represent 43.1% of the US market. However the balance 56.9% of the US market is catered by independent mid-range retailers. We will increase our penetration to large retailers as well as cater to the independent retailers through RJNY. This will further strengthen our position in the retail market in the US.

We have been recognized as the largest exporter of the studded precious metal jewellery from SEEPZ-SEZ, Mumbai by GJEPC for the year 2007-08. Over the past few years our sales and subsequently our revenues have propelled with existing and new customer base as well as with new product categories. We have offered our customers innovative and latest designs and as a result secured higher business each year.

AWARDS

“Actions speak louder than words” – Proverb

Year 2004: “International Supplier of the Year” by Wal-Mart.

Year 2005: Rio Tinto Diamonds has conferred us with Business Excellence Model (BEM).

Year 2006: Certificate of Merit by GJEPC for being the third largest exporter of studded precious metal jewellery from SEEPZ-SEZ for the year 2005-06.

Year 2008: Certificate of Merit by GJEPC for being the largest exporter of studded precious metal jewellery from SEEPZ-SEZ for the year 2007-08.

THE CUSTOMER IS KING

“There are no traffic jams along the extra mile”. – Roger Staubach

Our consumer centric approach has ensured repeat orders and subsequently new clients too. We develop products addressing our customers' needs, and hence ensuring continuous business from them. We offer products with different prices and designs, catering to a larger audience. Our major market being the US, we proactively design products for special occasions like Valentine's Day, Mother's Day, Thanksgiving Day, and Christmas Day celebrations.

Our products are sold at the leading retail outlets with a price tag primarily between US\$ 99 to US\$ 1,999. At Renaissance, we also undertake reverse cost working of our products so as to cater to varying customer price points. Our research team thoroughly analyses the retail market, which help us offer our customers products that complete their product portfolio. Subsequently, we are rewarded with recurring business and ever growing customer base.





People's Company

"Treat employees like partners, and they act like partners".
– Fred Allen

People run companies, machines don't. At Renaissance, our employee welfare policies and facilities reflect the maturity and concern of an institution for its employees. We offer various benefits to our employees ensuring their overall well-being.

MEDICAL

Our company has a general group insurance policy for the benefit of all our employees. We also extend loan facilities on medical grounds and emergency basis. Once a week, a visiting doctor is available for consultation for all the employees of the company. Each department is equipped with a First Aid box for primary purposes. For emergency, we even have a medical van. Apart from these regular medical amenities, a Blood Donation Camp is organised twice a year. We believe that emotional well being is as important as physical health. Hence, we regularly organize yoga and meditation workshop for our employees. The workshop helps them de-stress, and it introduces them to a healthier lifestyle. We consider the difficulties faced by working women in our office and are sensitive to their needs. Hence, we provide crèche facilities for our women employees.

SAFETY

Human life is precious. We have stringent safety measures to ensure that our working environment is safe and hazard free. Safety posters in each department are informative of the possible hazards and the precautions required. Safety equipments like fire extinguishers are accessible to all the departments. Personal protective equipments like aprons, masks, and eye glasses are compulsory and provided by the company. The machines are maintained in up-to date condition and required sophistication and automation is implemented to minimise the risk factor.

TRAINING AND APPRAISALS

We arrange training programs on a regular basis, from dynamics of leadership and teamwork to stress management, from first aid to fire fighting. This policy makes sure that every new recruit is trained appropriately and aware of all the safety measures. We follow a standard procedure to recruit and for the appraisals avoiding any discrepancies or preferential treatment. All employee performances are reviewed by the management, and they are given deserving rewards and promotions according to the standard practice.

OPEN DOOR POLICY

We have whistle blower policy which allows all the employees, irrespective of their designation, to send in their suggestions and grievances. Complaints received are looked into thoroughly, and the matter is sorted out with appropriate action without any discrimination and without any prejudices. This policy has resulted into the most amiable relationship between the workers and the management minimizing the risk of any strife.

Annual Report 2007-08

COMPANY INFORMATION

Senior Management	Mr. Parag Shah	– V.P – Operations
	Mr. Nikesh Shah	– V.P – Production
	Mr. Dilip Joshi	– V.P – Finance
	Mr. Amar Mayekar	– G.M – Production
	Mr. Amrish Shah	– G.M – Production
	Ms. Ruchi Noronha	– G.M – Product Development
	Mr. Hari Mehta	– G.M – Purchase & Stores
	Mr. Nimish Zaveri	– G.M – Marketing
	Mr. Shyam Walavalkar	– G.M – Legal & Secretarial
Company Secretary	Ms. Manju B. Batham	
Bankers	Bank of India	
	State Bank of India	
	Punjab National Bank	
	ICICI Bank	
Auditors	J. K. Shah & Co.	
Internal Auditors	Jayesh Dadia & Associates	
Registered Office	Plot No. 36A & 37, Seepz-SEZ, MIDC Marol, Andheri (E), Mumbai – 400 096	
Works	G-42, G&J Complex – III, Seepz-SEZ, Andheri (E), Mumbai – 400 096	
	Plot No. 36A & 37, Seepz-SEZ, Andheri (E), Mumbai – 400 096	
	Plot No. 2302, Hill Drive, Talaja Road, Bhavnagar, Gujarat – 364 002	
	Unit No. 156, SDF-5, Seepz-SEZ, Andheri (E), Mumbai – 400 096	
	GJ-10, SDF-7, Seepz-SEZ, Andheri (E), Mumbai – 400 096	
Registrar & Transfer Agents	Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (West), Mumbai – 400 078 Tel : 91 22 2594 6970-78	

DIRECTORS' REPORT

Dear Members,

The Directors take great pleasure in presenting their report on the business and operations of your Company along with the Annual Report and audited financial statements for the Financial Year 2007-08.

Financial highlights

Your Company earned a profit before tax of Rs. 183,035,631 (Rupees Eighteen Crores Thirty Lacs Thirty Five Thousand Six Hundred Thirty One Only) as compared to a profit of Rs. 205,428,275 (Rupees Twenty Crores Fifty Four Lacs Twenty Eight Thousand Two Hundred Seventy Five Only) in the previous year. Highlights of the financial performance is as follows:

(Rs. in million)

	Financial Year Ended March, 31 2008	Financial Year Ended March, 31 2007
Sales	4,329.99	3,848.44
Gross Profit	353.47	407.86
PBID	289.82	306.65
Less: Interest	81.80	74.70
Less: Depreciation	24.99	26.52
PBT	183.04	205.43
Provision for Tax	5.41	0.99
PAT	177.62	204.44
Add: Balance brought forward from previous year	710.06	525.62
Profit available for appropriation	822.51	730.06
Appropriations:		
Transfer to Reserve Fund		
General Reserve	15.00	20.00
Dividend on Equity Shares	27.54	—
Corporate Dividend Tax	4.68	—
Balance carried forward	775.29	710.06

A detailed analysis of the financials is given in the Management's Discussion and Analysis report that forms part of this Annual Report.

Dividend

The Directors recommend a dividend of 15% i.e. Rs. 1.5 per share, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend and tax thereon amounts to Rs. 3,22,19,440.

The dividend, if declared at the meeting, shall be paid within the stipulated period, to those members of the Company whose

names appear on the Register of Members of the Company as on September 5, 2008. In respect of shares held in Electronic form, the dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose at the close of business hours on August 27, 2008.

Share capital

On December 5th 2007, the Company issued and allotted 5,324,240 equity shares to the applicants of initial Public Issue (IPO). The shares of the Company got listed on BSE and NSE on 12th December, 2007. As a result of IPO, as on March 31, 2008, the paid up equity share capital of the Company increased to 18,359,440 equity shares of face value of Rs. 10/- each.

The Board is proposing to float an Employee Stock Purchase Scheme and the permission of the members is being sought at this Annual General Meeting. Total number of equity shares proposed to be allotted to the employees of the Company and its Indian as well as foreign subsidiaries are 7,20,000 (Seven Lacs Twenty Thousand only).

Use of IPO proceeds

In December 2007, your Company completed its Initial Public Offer (IPO) in India and listed its shares on the National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). Out of the IPO proceeds of Rs. 798.64 million, the Company has utilized Rs. 650.48 million up to March 31, 2008. The detailed statement of utilization of fund vis-à-vis IPO objects is as follows:

(Rs. in million)

Objects of IPO as projected in the Prospectus			Utilization Till March, 31, 2008	Balance
Sr. No.	Particulars	Total		
1.	Expansion of manufacturing Capacity at Bhavnagar unit (100% EOU)	105.00	10.74	94.26
2.	Expansion of Capacity and modernization of our Mumbai units	35.72	15.40	20.32
3.	Investment in foreign Subsidiary	350.00	353.66	-3.66 *
4.	Augmenting working capital requirements	209.25	209.48	-0.23 *
5.	Further expansion/General corporate purposes	33.79	—	33.79
6.	To meet expenses of the Issue	64.88	61.20	3.68
	Total...	798.64	650.48	148.16

* Exchange Rate Fluctuation

RENAISSANCE JEWELLERY LIMITED

Subsidiaries

During the financial year under review your had two Indian subsidiaries i.e. Verigold Fine Jewellery Pvt. Ltd. (VFJPL) and Renaissance Retail Venture Pvt. Ltd. (RRVPL). During the financial year, the company has disinvested its shares in RRVPL and acquired a 100% equity capital of Renaissance Jewellery New York, Inc. (RJNY). Your Company has also acquired a 100% equity capital of L. J. Creations Pvt. Ltd. on April 15, 2008.

Pursuant to Section 212 of the Companies Act, 1956, the Company is required to attach to its Annual Report the Directors' Report and financial statements of its subsidiaries. Since the Company presents audited consolidated financial statements under Indian GAAP in its Annual Report, the Company has applied to the Central Government of India for an exemption from attaching the Directors' Report, Balance Sheet and Profit and Loss Account of its subsidiaries to the Annual Report. The approval from the Central Government in this regard is awaited and in case the exemption under Section 212 (8) of the Act is granted to the Company by the Central Government, the financial statements of the subsidiaries of the Company shall not be attached to the Annual Report of the Company. In that case the Company undertakes that the financial statements of the subsidiary companies for the year ended March 31, 2008 will be made available to the members on request at the Registered Office/Corporate Office of the Company and the same will be kept open for inspection by any member between 10:00 a.m. and 1:00 p.m. on all working days of the Company.

Fixed deposits

During the financial year 2007-08, the Company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956, and as such, no amount of principal or interest was outstanding as of the date of the Balance Sheet.

Honors and recognitions

Your Company has consistently received wide recognition for Quality, Designs, leadership and achievements.

The GEM & JEWELLERY EXPORT PROMOTION COUNCIL has awarded your Company for outstanding export performance and contribution in the trade Category "Studded precious metal jewellery exports by units in EPZ/EOU Complexes", during the year 2007-08.

Corporate governance

The Company has taken appropriate steps and measures to comply with all the applicable provisions of Clause 49 and Section 292A of the Companies Act, 1956. A separate report on Corporate Governance, along with a certificate of Statutory Auditors of the Company, is annexed herewith. A certificate from the Managing Director and CFO of the Company confirming internal controls

and checks pertaining to financial statements for the year ended March 31, 2008 was placed before the Board of Directors and the Board has noted the same. A list of the committees of the Board and names of their members and the scope of each of these committees and other related information is detailed in the enclosed Corporate Governance Report.

Cash flow statement

In conformity with the provisions of Clause 32 of the listing agreement with Stock Exchanges, the cash flow statement for the year ended 31st March, 2008 is annexed hereto.

Consolidated accounts

In accordance with the requirements of Accounting Standards AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiary is annexed to this Report.

Listing

The Equity Shares of the Company are presently listed on the Bombay Stock Exchange Limited and National Stock Exchange. The Company has paid the applicable listing fees to the above Stock Exchange for the financial year 2008-09. The Company's shares are tradable compulsorily in electronic form and the Company has established connectivity with both the depositories, i.e. Central Depository Services (India) Ltd. & National Securities Depository Ltd. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

Human resources

Employees are the key assets of the Company and the Company has created a healthy and productive work environment which encourages excellence. Your Company has put in place a scalable requirement and human resource management process, which enables it to attract and retain employees of the high caliber. The Company continuously invests in training staff in the latest technology.

Directors' responsibility statement

As required under Section 217 of the Companies Act, the Directors hereby confirm that:

- i. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have 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 period;

- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a 'going concern' basis.

Directors

Mr. Niranjana Shah and Mr. V. C. Shah retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

During the year appointment of Mr. Anil Chopra, Mr. Pramod Lele and Mr. Vishwas Mehendale as Independent Directors, who joined the Board of Directors of the Company on April 2, 2007 as Additional Directors was confirmed at AGM held on September 29, 2007.

The Board has approved the revision to the Remuneration of Mr. Neville Tata, Executive Director of the Company and the approval of the members is being sought at this Annual General Meeting.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Membership/Chairmanship of Board Committees, as stipulated under the Listing Agreement with the Stock Exchanges are provided in the Notice forming part of the Annual Report.

Auditors

M/s J. K. Shah & Co. the present Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. The Board recommend their re-appointment.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are furnished hereunder:

a. Conservation of energy

The operations of the Company are not energy-intensive. The Company, however, takes measures to reduce and optimize energy consumption by using energy efficient computers,

CFL bulbs and ballast-based lighting. Further, offices have been designed to maximize the use of ambient lighting while conserving the air conditioning. The expense on power in relation to income is nominal and under control.

b. Technology absorption

Research & Development (R & D) : Since businesses and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company lays a great emphasis on knowledge management and has an institutionalized process for absorption of new technologies. Your Company continued its focus on quality up-gradation product enhancements.

Benefits derived as a result of the above R & D for better productivity and cost reduction:

- a. Enhanced productivity and reduction in production lead time.
- b. Total traceability of each piece during entire manufacturing through customized software.
- c. Reduction in re-work and rejection in the manufacturing process.
- d. Enhancement of product spectrum .
- e. Improvement in quality of existing products.

Future plan of action : Research and Development has been considered as a continuous process. Steps have been taken for further development of new products of superior quality, up gradation of existing product designs to improve the quality and reduction in rejections.

Expenditure on R & D : As per the established Accounting Policy Expenditure incurred on Research & Development remains merged with the respective heads.

Technology Absorption, Adaption & Innovation : The Company continuously monitor and keep track of technological up-gradation taking place in other countries in the field of jewellery manufacturing and the same are reviewed and considered for implementation.

c. Foreign exchange earnings and outgo:

(Rs. in million)

	F.Y. 2007-08	F.Y. 2006-07
Foreign Exchange Earnings	4,325.20	3,845.59
Foreign Exchange Outgo	2,825.77	3,355.33

RENAISSANCE JEWELLERY LIMITED

Employee particulars

The Company does not have any employee whose particulars are required to be disclosed pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and under Section 217 (1)(e) of the said Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Acknowledgements

Your Directors take this opportunity to thank the Company's customers, members, vendors and bankers for their continued support during the year. Your Directors also wish to thank the Government of India and its various agencies, the Santacruz Electronics Export Processing Zone, the Customs and Excise department, the Reserve Bank of India, the State Governments

of Maharashtra, and other local Government Bodies for their support, and look forward to their continued support in the future.

Your Directors also place on record their appreciation for the excellent contribution made by all employees of the Company through their commitment, competence, co-operation and diligence to duty in achieving consistent growth for the Company.

For and on behalf of the Board,
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Sumit N. Shah
Managing Director

Place : Mumbai

Date : June 11, 2008

REPORT ON CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as per the format prescribed by SEBI & incorporated in Clause 49 of the listing agreements with the Stock Exchanges, the Company's policies on Corporate Governance and compliance thereof in respect of specific areas, as applicable, for the year ended 31st March, 2008 is set out below for information of shareholders and investors of the Company.

1. Company's Philosophy on Code of Governance:

Being an export oriented Company, the International standards of Corporate Governance have been infused into the Company since its inception and being reviewed from time to time. The Company has worked with a philosophy and mission of good governance in every field. The Company believes that the Corporate Governance code will enhance the growth of benefits to all the stakeholders. The Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with the shareholders, employees, the Government and other parties.

In so far as compliance of Clause 49 of the Listing Agreement with the Stock Exchanges is concerned, the Company has complied in all material respects with the requirements of Corporate Governance specified in the Listing Agreement with the Stock Exchange, Mumbai.

2. Board of Directors:

2.1 Composition of the Board of Directors (as on 31st March, 2008)

Name of the Director	Business Relationship	Executive/ Non-Executive/ Independent
Mr. Niranjan A. Shah	Chairman	Promoter, Non-Executive
Mr. Sumit N. Shah	Managing Director	Promoter, Executive
Mr. Hitesh M. Shah	Executive Director	Promoter, Executive
Mr. Neville Tata	Executive Director	Executive
Mr. V. C. Shah	Director	Non-Executive/ Independent
Mr. Vishwas Mehendale	Director	Non-Executive/ Independent
Mr. Pramod H. Lele	Director	Non-Executive/ Independent
Mr. Anil K. Chopra	Director	Non-Executive/ Independent
Composition of the Board	Independent 50%	Non-Executive 50%

All the other Directors are liable to retire by rotation. Mr. Niranjan Shah and Mr. V. C. Shah retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

The information prescribed under the Listing Agreement on Directors seeking appointment and re-appointment to be sent to the shareholders is stated in the Notice of the Annual General Meeting.

2.2 Remuneration to Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. V. C. Shah	90,000/-
Mr. Vishwas Mehendale	1,10,000/-
Mr. Pramod H. Lele	60,000/-
Mr. Anil K. Chopra	1,00,000/-
Mr. Niranjan A. Shah	85,000/-
Total	4,45,000/-

Non-executive directors do not receive any salary or commission and receive only Sitting Fees. Sitting Fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.

At the meeting held on 2nd April, 2007, the Board of Directors has passed a Resolution whereby the sitting fees payable to a Director for attending any Meeting of the Board has been fixed at Rs. 10,000/- per Director per meeting and that for any Committee meeting is Rs. 5,000/- per Director per meeting.

The Company did not have any Stock option Scheme during the year F.Y. 2007-08.

2.3 Remuneration to Managing Director & Executive Directors

Name of the Director	Business Relationship	Salary (Rs.)	PF & Super-annuation Fund	Total (Rs.)
Mr. Sumit N. Shah	Managing Director	12,00,000/-	9,360/-	12,09,360/-
Mr. Hitesh M. Shah	Executive Director	9,00,000/-	9,360/-	9,09,360/-
Mr. Neville Tata	Executive Director	15,60,000/-	9,360/-	15,69,360/-

The total amount of remuneration indicated above does not include share of gratuity as under group gratuity scheme, separate amount for each person are not ascertainable.

Sumit N. Shah was re-appointed as our Managing Director pursuant to the provisions of the Companies Act for a period of five (5) years with effect from April 26, 2007 by Agreement dated April 26, 2007 entered into between Mr. Sumit Shah

and the Company in pursuance of a resolution of our Board on April 2, 2007 and resolution of our shareholders at the EGM held on April 26, 2007 approving the terms of the agreement for his re-appointment.

Hitesh M. Shah was re-appointed as our Executive Director from January 1, 2006 by resolution of our Board on January 25, 2006 and shareholders' resolution at the EGM held on February 20, 2006 for a period of three (3) years.

Neville Tata was appointed as our Executive Director from February 1, 2006 by resolution of our Board on January 25, 2006 and shareholders' resolution at the EGM held on February 20, 2006 for a period of three (3) years.

The Salary payable to the Managing Director and Executive Directors is reviewed by the Board of Directors annually and is based on the performance of the Company.

The Company does not have any Stock Option Scheme as at 31st March, 2008.

2.4 Shareholding of the Directors

Shareholding of the Directors as on 31st March, 2008 :

Name of the Director	No. of Equi. Shares held	% Holding
Mr. Niranjan A. Shah	2,607,040	14.20
Mr. Sumit N. Shah	3,258,720	17.75
Mr. Hitesh M. Shah	1,303,520	7.10
Mr. Neville Tata	NIL	NIL
Mr. V. C. Shah	64	0.0003
Mr. Vishwas Mehendale	NIL	NIL
Mr. Pramod H. Lele	NIL	NIL
Mr. Anil K. Chopra	NIL	NIL

2.5 Attendance of Directors at the Board meetings and at the Eighteenth Annual General Meeting

Name of the Director	Number of Board Meetings attended during the year 2006	Number of Board Meetings held during the tenure	Attendance at the Eighteenth Annual General Meeting
Mr. Niranjan A. Shah	9	11	Present
Mr. Sumit N. Shah	9	11	Present
Mr. Hitesh M. Shah	11	11	Present
Mr. Neville Tata	9	11	Present
Mr. V. C. Shah	8	11	Present
Mr. Vishwas Mehendale	9	11	Present
Mr. Pramod H. Lele	4	11	Present
Mr. Anil K. Chopra	9	11	Present

2.6 Directors appointed/ceased during the year

Mr. Anil K. Chopra was appointed as an Additional Director on April 2, 2007 and his appointment was regularized as an Independent Director on September 29, 2007.

Mr. Pramod H. Lele was appointed as an Additional Director on April 2, 2007 and his appointment was regularized as an Independent Director on September 29, 2007.

Mr. Vishwas. V. Mehendale was appointed as an Additional Director on April 2, 2007 and his appointment was regularized as an Independent Director on September 29, 2007.

2.7 Directorships and Committee Memberships of Directors in other companies (as on 31st March, 2008)

Name of the Director	No. of Directorships in other companies	No. of Committee Memberships in other companies	
		Chairman	Member
Mr. Niranjan A. Shah	7	NIL	NIL
Mr. Sumit N. Shah	7	NIL	NIL
Mr. Hitesh M. Shah	7	NIL	NIL
Mr. Neville Tata	NIL	NIL	NIL
Mr. V. C. Shah	1	NIL	NIL
Mr. Vishwas Mehendale	NIL	NIL	NIL
Mr. Pramod H. Lele	4	NIL	NIL
Mr. Anil K. Chopra	NIL	NIL	NIL

Directorship and Committee Membership/Chairmanship in foreign companies, private limited companies and companies registered under Section 25 of the Companies Act, 1956 are excluded.

The above information includes Chairmanship/Membership in Audit Committee and Shareholders'/Grievances Committee of public limited companies, whether listed or not.

2.8 Number, Day, Date and Venue of the Board Meetings held in the year 2007-08

Sr. No.	Day	Date	Venue
1	Monday	2nd April, 2007	Registered Office
2	Thursday	24th May, 2007	Registered Office
3	Tuesday	29th May, 2007	Registered Office
4	Monday	9th July, 2007	Registered Office
5	Tuesday	14th August, 2007	Registered Office
6	Saturday	29th September, 2007	Registered Office
7	Wednesday	31st October, 2007	Registered Office
8	Friday	23rd November, 2007	Registered Office
9	Wednesday	5th December, 2007	Registered Office
10	Tuesday	29th January, 2008	Registered Office
11	Friday	29th February, 2008	Registered Office

11 Board meetings were held during the F.Y. 2007-08 and the gap between any two Board Meetings did not exceed four months.

The information as required under Annexure I to the Clause 49 of the Listing Agreement was made available to the Board of Directors.

2.9 Review of Compliance Report by the Board of Directors

A Compliance Certificate confirming the due compliance with the statutory requirements is placed at the Board Meeting for the review by the Board of Directors. A system of ensuring material compliance with the laws, orders, regulations and other legal requirements concerning the business and affairs of the Company is in place. Instances of non-compliance, if any, are also separately reported to the Board.

2.10 Code of Conduct

At the Board Meeting held on 29th September, 2007, the Board of Directors has approved the Code of Conduct applicable to the Directors and the Senior Management personnel. This code was further amended at Board Meeting held on April 10, 2008. This Code of Conduct is available at Company website: www.renjewellery.com

All the Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director of the Company forms part of this Report.

2.11 Insider trading Code

At the Board Meeting held on 29th September, 2007, the Board of Directors has approved the Code of Conduct for Prevention of Insider Trading applicable to the Directors and the Senior Management personnel. This code was further amended at Board Meeting held on April 10, 2008.

3. Audit Committee

A. Constitution of Audit Committee :

The Audit Committee was constituted on March 2, 2006 and the same was reconstituted on April 2, 2007. All the members of Audit Committee are non-executive and independent directors. The present Chairman of the Audit Committee is Mr. V.C. Shah. The other members of the Audit Committee are Mr. Pramod H. Lele and Mr. Vishwas V. Mehendale.

Ms. Manju B. Batham, Company Secretary acts as the Secretary to the Committee.

B. Meetings of Audit Committee :

During the year ended 31st March, 2008, Three Audit Committee meetings were held on 24/07/07,

29/09/07 and 28/01/08. The attendance of each Audit Committee member is given hereunder:

Name of the Director	Number of Meetings attended during the year 2007-08	Number of Meetings held during the tenure
Mr. V. C. Shah	2	3
Mr. Vishwas Mehendale	3	3
Mr. Pramod H. Lele	2	3

C. Attendees:

The Executive Directors, the President, the Finance Manager, and the Statutory Auditors are normally invited to the Audit Committee meetings.

D. The Terms of Reference of the Audit Committee:

Terms of reference of the Committee are as follows:

- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required the replacement of removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements before submission to the Board for approval with particular reference to:
 - o Matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - o Changes if any, in accounting policies and practices and reasons for the same.
 - o Major accounting entries involving estimates based on the exercise of judgment by management.
 - o Significant adjustments made in the financial statements arising out of the audit financials.
 - o Compliance with listing and other legal requirements relating to financial statements.
 - o Disclosure of any related party transactions.

- o Qualifications in the draft audit report.
- o Reviewing with the management, quarterly financial statement before submission to the board for approval.
- o Reviewing with the management the performance of statutory and internal auditors, adequacy of the internal control systems.
- o Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- o Discussion with the internal auditors of any significant findings and follow up thereon.
- o Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- o Discussions with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- o To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- o To review the functioning of the whistle blower mechanism, in case same is existing.
- o Carrying out any other function as is mentioned in the terms of reference of the audit committee.

4. REMUNERATION COMMITTEE:

A. Constitution of Remuneration Committee:

The Remuneration Committee of the Board of Directors was constituted on March 2, 2006 and was re-constituted on April 2, 2007 to recommend to the Board the remuneration package for managerial persons.

All the members of Remuneration Committee are non executive and independent directors. The present Chairman of the Remuneration Committee is Mr. Pramod H. Lele. The other members of the

Remuneration Committee are Mr. Anil K. Chopra and Mr. Vishwas V. Mehendale.

B. Meetings of Remuneration Committee:

During the year ended 31st March, 2008, Remuneration Committee meeting was held on 29th September, 2007. The attendance of each Remuneration Committee member is given hereunder:

Name of the Director	Number of Meetings attended during the year 2007-08	Number of Meetings held during the tenure
Mr. Pramod H. Lele	1	1
Mr. Vishwas Mehendale	1	1
Mr. Anil K. Chopra	1	1

C. The Terms of Reference of the Remuneration Committee:

The terms of reference of the Remuneration Committee are as follows:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

5. THE SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

A. Constitution:

The Shareholders'/Investors' Grievances Committee was formed on March 2, 2006 and the same was re-constituted on April 2, 2007.

All the members of Shareholders'/Investors' Grievances are non-executive and independent directors. The present Chairman of the Shareholders'/Investors' Grievances Committee is Mr. Anil K. Chopra. The other members of the Shareholders'/Investors' Grievances Committee are Mr. V. C. Shah and Mr. Pramod H. Lele.

B. Meetings of Shareholders'/Investors' Grievances Committee:

During the year ended 31st March, 2008, Shareholders'/Investor Grievances Committee meeting was held on 28/01/08. The attendance of each Committee member is given hereunder:

Name of the Director	Number of Meetings attended during the year 2007-08	Number of Meetings held during the tenure
Mr. Anil K. Chopra	1	1
Mr. V. C. Shah	1	1
Mr. Pramod H. Lele	1	1

C. The Terms of Reference of the Shareholders'/Investors' Grievances:

The scope and function of this committee is to consider and review shareholders'/investors' grievances and complaints and to ensure that all shareholders'/investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/or legal impediments.

D. Compliance Officer:

Ms. Manju B. Batham, Company Secretary has been appointed as the Compliance Officer.

E. Shareholders' Complaints:

During the financial year ended 31st March, 2008, the Company received 330 complaints from the shareholders, which were attended to promptly. Most of the complaints were relating to non-receipt of refund order. Apart from the said complaints the Company also received certain requests/ general intimations regarding change of address, request for revalidation of refund orders, requests for annual reports etc. There are no complaints pending to be replied or attended to.

6. General Body Meetings:

6.1 Location and time of last three Annual General Meetings

Sr. No.	Day	Date	Time	Venue
1.	Saturday	29th Sept. 2007	4.00 p.m.	Registered Office
2.	Monday	21st August, 2006	11.00 a.m.	Registered Office
3.	Friday	30th Sept. 2005	5.00 p.m.	Registered Office

6.2 Special Resolutions

Special Resolutions for the following matters were passed at the above Annual General Meetings:

Sr. No.	Date	Subject Matter of Special Resolution
1.	21.08.2006	Alteration of object incidental and ancillary to the attainment of main objects of MOA
2.	21.08.2006	Alteration of other objects of the MOA
3.	21.08.2006	Alteration of AOA by adding Article 44 A, 75 (25) & 112(iv)
4.	21.08.2006	Preferential allotment of equity shares on Private Placement Basis (for IPO)

None of the above Special Resolutions were required to be put to vote through Postal Ballot System.

During the F.Y. 2007-08, no Special Resolutions were put to vote through Postal Ballot system. The Board of Directors does not recommend any Special resolution for approval of the Members through the Postal Ballot system at the ensuing Annual General Meeting to be held on September 5, 2008.

7. Disclosures:

The Company does not have any materially significant commercial and financial transactions with any of the related parties i.e. Promoters, Directors, Relatives, Associated company or management having conflict, actual or potential, with the interest of the Company.

The Company has gone public during the F.Y. 2007-08. The Company has complied with the statutory provisions, rules and regulations relating to the capital markets during the last year and Stock Exchanges or SEBI or any statutory authority has not imposed any penalties or strictures on the Company for the said period.

8. Means of Communication:

The Audit Committee, in its meeting, considers the financial results of the Company and recommends it to the Board of Directors for its approval. The financial results, as taken on record by the Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed, in accordance with the directives of regulatory authorities in this regard. These quarterly, half yearly and annual results are also published in widely circulated newspapers (English and vernacular languages) as per the guidelines issued from time to time.

The Management Discussion & Analysis Report forms a part of this Annual Report.

9. Certification by the Managing Director and the V. P. (Finance) :

Mr. Sumit Shah, Managing Director and Mr. Dilip Joshi, V.P. - Finance, have issued a Certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said Certificate was placed before the Board Meeting held on June 11, 2008 in which the Accounts for the Financial Year ended 31st March, 2008 were considered and approved by the Board of Directors.

10. General Shareholder information:

10.1 Nineteenth Annual General Meeting — Day, Date, Time and Venue

Day	Friday
Date	September 5, 2008
Time	3:30 p.m.
Venue	Yuvraj Hall, Supremo Activity Centre, Matoshree Arts & Sports Trust, Jogeshwari Vikhroli Link Road, Andheri (E), Mumbai-400 093

10.2 Financial Year

Financial Year of the Company is 1st April to 31st March.

10.3 Dates of Book Closure (Both days inclusive)

From : August 28, 2008
To : September 5, 2008

10.4 Dividend Payment Date

Dividend Payment Date : on or before October 4, 2008.

10.5 Listing on Stock Exchanges

The Company's equity shares are listed on the following Stock Exchanges:

Bombay Stock Exchange Ltd. (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 050
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The Company has paid Annual Listing Fees to both the abovementioned Stock Exchanges for the financial year 2008-09.

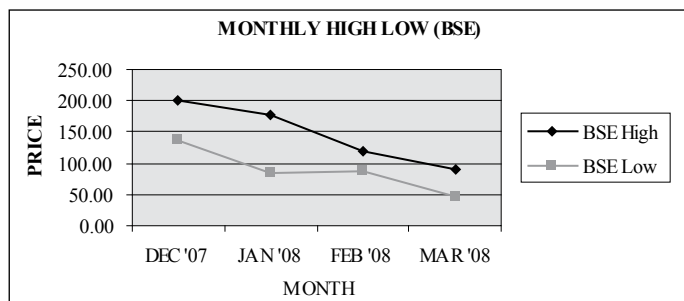
10.6 Stock Code

Scrip Code:	ISIN No.:
Equity : 532923	Equity : INE722H01016
Warrant : 961672	Warrant : INE722H13011

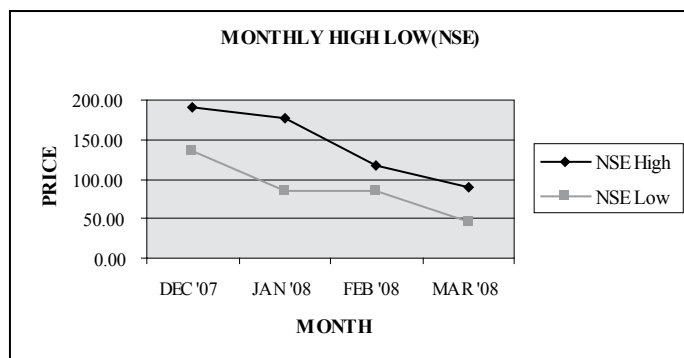
10.7 Market Price Data

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 2007	200.00	137.50	190.00	136.20
January 2008	176.80	83.60	176.95	86.00
February 2008	118.00	86.50	117.40	86.20
March 2008	90.00	46.00	90.00	46.00

BSE PRICE DATA



NSE PRICE DATA



10.8 Performance in comparison with SENSEX / S&P CNX NIFTY

The performance of the Company's shares relative to SENSEX and S&P CNX NIFTY at a common base of 100. The period covered is December 2007 to March 2008

Chart showing RJL price at BSE vs SENSEX at a common base of 100 from December 2007 to March 2008.

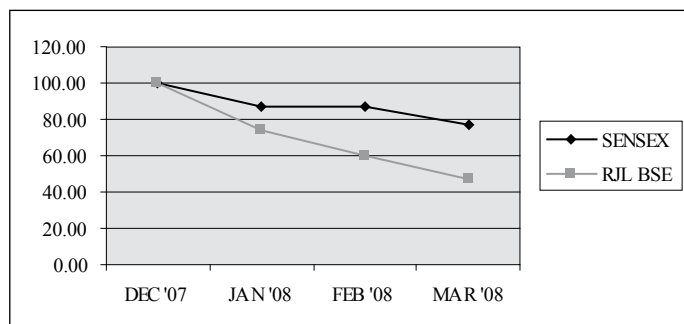
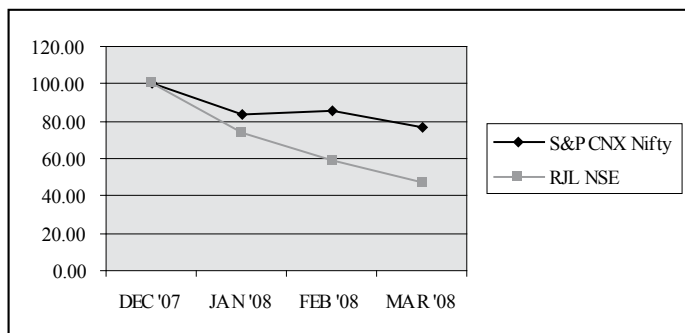


Chart showing RJL price at NSE vs S&P CNX NIFTY at a common base of 100 from December 2007 to March 2008.



10.9 Registrar and Transfer Agents

Name : Intime Spectrum Registry Limited
Address : C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai 400 078
Tel : +91-22- 2596 3838
Fax : +91-22- 2596 2691
e-mail : isrl@vsnl.com

10.10 Share Transfer System

Shares held in the dematerialized form are electronically traded in the Depositories and the Registrar and Share Transfer Agents of the Company, viz. Intime Spectrum Registry Ltd., periodically receive from the Depository the beneficial holdings data, so as to enable them to update their records and to send all corporate communications. Physical shares received for dematerialization are processed and completed within a period of 15 days from the date of receipt provided they are in order in every respect. Bad deliveries are immediately returned to Depository participants under advice to the shareholders within the aforesaid period.

10.11 Distribution of shareholding (as on 31st March, 2008)

SHARE-HOLDING OF NOMINAL VALUE OF RS.	NO. OF SHARE-HOLDERS	% AGE	NO OF SHARES	AMOUNT IN RS.	% AGE
Upto 5000	20421	96.544	16,12,698	1,61,26,980	8.784
5001 to 10000	335	1.584	2,65,465	26,54,650	1.446
10001 to 20000	181	0.856	2,59,607	25,96,070	1.414
20001 to 30000	64	0.303	1,62,070	16,20,700	0.883
30001 to 40000	22	0.104	74,719	7,47,190	0.407
40001 to 50000	22	0.104	1,00,863	10,08,630	0.549
50001 to 100000	43	0.203	3,11,178	31,11,780	1.695
100001 onwards	64	0.303	1,55,72,840	15,57,28,400	84.822
Total	21152	100.001	1,83,59,440	18,35,94,400	100

10.12 Shareholding pattern (as on 31st March, 2008)

Category	No. of Shares	Percentage
A. Promoters' Holding		
Promoters	95,15,680	51.83
Relatives of Directors	35,19,440	19.17
Corporate Bodies (Promoter Co.)	80	0.0004
Sub Total	1,30,35,200	71.00
B. Non Promoters' Holding		
Institutional Investors		
Mutual Fund	5,87,691	3.20
Insurance Companies	1,64,374	0.90
Other Bodies Corporate	8,99,260	4.90
Clearing Member	1,38,412	0.75
Non Nationalised Banks	75,000	0.41
Foreign Inst. Investors	7,47,975	4.07
Sub Total	26,12,712	14.23
Others		
Non Resident Indians	34,935	0.19
Non Resident (Non Repatriable)	2,589	0.01
Public	26,73,812	14.56
Trusts	192	0.001
Sub Total	27,11,528	14.77
Total	1,83,59,440	100.00

10.13 Dematerialization of shares and liquidity

The shares of the Company are compulsorily traded in dematerialized form and are available for trading under both the Depository Systems i.e. NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Nearly 29% of total equity shares of the Company are held in dematerialized form with NSDL & CDSL.

10.14 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company's capital comprises only of Equity shares and warrants. The Company does not have any preference shares, outstanding ADRs, GDRs, or any convertible instruments.

During the year under review, the Company came out with Public issue of 5,324,240 equity shares ("equity shares") of Rs. 10 each for cash at a price of Rs. 150 per equity share along with one detachable warrant for every two equity shares allotted aggregating to Rs. 798.6 million (the "issue"). The issue of equity shares will constitute 29.00% of the fully diluted post-issue paid-up equity share capital of our Company prior to exercise of

detachable warrants and the issue shall constitute 37.99% of the paid-up equity share capital of our company after exercise of detachable warrants, assuming full exercise of detachable warrants.

10.15 Plant Locations and Address for correspondence

The information regarding office locations, and address for correspondence is given on the cover page of this Annual Report.

11. Details of compliance with the mandatory requirements and Extent of compliance with non-mandatory requirements:

11.1 Compliance with the mandatory requirements

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

11.2 Extent of compliance with the non-mandatory requirements

The Board

The Company does not maintain the Office of the Chairman. Certain expenses incurred by the Chairman in performance of his duties as a Director of the Company are reimbursed at actuals.

Remuneration Committee

Remuneration Committee comprising of 3 non-executive independent directors has been constituted by the Board.

Shareholder Rights

The Company is publishing unqualified financial statements. However, it has not adopted the non-mandatory requirement as to sending half-yearly declaration of financial performance to each household of shareholders.

Audit qualifications

Since inception the Company did not have any qualifications in its financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

Training of Board Members

The Company's Board of Directors comprise of professionals with expertise in their respective fields and industry. They endeavour to keep themselves updated with changes in global economy and various legislations. They attend various workshops and seminars to keep themselves abreast with the changes in business environment.

Mechanism for evaluating non-executive Board Members

The Company does not evaluate the performance of the Non-Executive Directors of the Company.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy and the same has been communicated within the organization.

12. Certificate on Corporate Governance compliance:

A certificate from the Statutory Auditors of the Company, M/s. J. K. Shah & Co., Chartered Accountants, Mumbai regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is enclosed.

For and on behalf of the Board of Directors
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Place : Mumbai
Date : June 11, 2008

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

All the Directors and senior management personnel have, respectively, affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

For **Renaissance Jewellery Ltd.**

Sumit Shah
Managing Director

Place : Mumbai

Date : June 11, 2008

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

We, Sumit Shah, Managing Director and Dilip Joshi, Vice President-Finance, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading, and
 - These statements present true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies; and
4. That we have informed the auditors and the Audit Committee of:
 - i. Significant changes in internal control during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Sumit Shah
Managing Director

Dilip Joshi
Chief Financial Officer

Place : Mumbai

Date : June 11, 2008

RENAISSANCE JEWELLERY LIMITED

CERTIFICATE OF STATUTORY AUDITORS

To
The Members of
Renaissance Jewellery Ltd.

We have examined the compliance of conditions of Corporate Governance by Renaissance Jewellery Ltd. ('the Company'), for the year ended on 31st March, 2008, 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 has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company which are presented to the Shareholders/Investors Grievances Committee.

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

For **J. K. Shah & Co.**
Chartered Accountants

Sanjay Dhruva
Partner
Membership No: 38480

Place : Mumbai
Date : June 11, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business of the Company:

We are in the business of manufacture and sale of studded gold, platinum and silver jewellery and are primarily focused on international markets including the USA. We have been in the studded jewellery business for over a decade and operate through three manufacturing units of which two units are located at SEEPZ-SEZ at Mumbai and one 100% EOU unit at Bhavnagar in Gujarat.

Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in precious metals like gold, platinum and silver. We have a talent base of about 40 designers, who on an average develop about 500 new designs every month.

We have been awarded a Certificate of Merit by GJEPC for being the second largest exporter of studded precious metal Jewellery from SEEPZ-SEZ for the year 2005-06. In the year 2004, we were awarded 'International Supplier of the Year' by Wal-Mart and Rio Tinto Diamonds has conferred us with Business Excellence Model (BEM) in the year 2005 certification.

Financial Performance:

The details of the financial performance of the Company are appearing in the Balance sheet, Profit & Loss Account along with other financial statement. Financial Highlights are as under:

Sales Turnover of Rs. 43300 lacs compared to Rs. 38484 lacs which is 12.51% higher compared to the previous year. This increase in sales is mainly on account of our focused entry into newer segments of the Jewellery market such as Bridal and Gemstone jewellery.

The total operating costs excluding depreciation and interest aggregated to Rs. 40477 lacs compared to Rs. 35641 lacs during the previous year. This increase is mainly due to cost of traded goods through newly started Diamond Trading Division.

The other income was Rs. 75 lacs as compared to Rs. 222 lacs in the previous year.

PBIDT to sales ratio was 6.68% compared to 7.97% in the previous year.

Profit before tax (PBT) was Rs. 1830 lacs as compared to Rs. 2054 lacs for the previous year. The profit after tax for the year was Rs. 1776 lacs, 13.11% lower as compared to Rs. 2044 lacs for the previous year. The fall in the profit margins is mainly on account of the higher consumption of material.

Earnings per equity share were Rs. 12.14 for the year as against the EPS of Rs. 15.68 for the previous year.

Provisions for Income Tax and deferred tax at Rs. 54 lacs has been made as per the Income Tax Act 1961 and in accordance with the provision of Accounting Standard AS-22 relating to Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India, as against Rs. 10 lacs during the previous year.

Industry Overview

Global Gems and Jewellery industry

The size of the global gems and jewellery industry has been estimated at 146 billion US dollars at retail prices in 2005. The industry has grown at an average CAGR rate of 5.2% since 2000. Diamond studded jewellery is the largest segment of this industry (2005 sales estimated at USD 69 billion) which constitutes approximately to 48% of the industry sales. The second largest segment is plain gold jewellery segment with total retail sales of USD 60.7 billion, constituting approximately 41% of the total sales.

Sale of jewellery is concentrated in eight key world markets, which account for about 75% of the total world sales of gems and jewellery. The US is the world biggest market which accounts for approximately 31% of the total sales. The share of India and China has steadily shown an increase and currently account for 8.3 and 8.9 percent of world sales respectively.

Under the gems and jewellery segment maximum value is added at the two ends of the value chain, with intermediate segments adding relatively lower value. Diamond cutting and polishing contributes 29% where as jewellery manufacturing contributes 32% to the value in the final product.

Indian Gems and Jewellery industry

The gems and jewellery industry is one of the oldest and largest industries in terms of export earnings for India. India today is one of the leader's in processing of near gemstone quality (low caratage) stones. The Gems and Jewellery industry contributes around 15% of India's exports. Exports of Gems and Jewellery aggregated to Rs. 688.30 billion (US\$15.55 billion) during FY2006, accounting for 15.1% of India's exports. As per data released by the Gems & Jewellery Export Promotion Council (GJEPC), during FY2006, gold jewellery exports account for 23.2%, rough diamonds 3.4%, and others 2.3% of India's Gem and Jewellery exports.

The exports of gems and jewellery from India are mainly from the Mumbai port which constitutes 84.4% of the total exports. Mumbai SEEPZ which is a notified SEZ, contributes to around 8.78% of the sale from the Mumbai port.

With various government initiatives in recent years, export of gold jewellery has increased in recent years. India's export of

RENAISSANCE JEWELLERY LIMITED

gold jewellery has grown at CAGR of 25% over the last 8 years (Source: www.gjepec.org) this increase is attributable to healthy growth in demand in key markets especially that of the US.

US Gems and Jewellery Market

USA is the world's largest jewellery market - the total US jewellery sales, including watches and fashion jewellery have been estimated at \$59 billion in 2005 (2004: \$57 billion). In the US, Christmas, Thanksgiving, Valentine's Day and Mother's Day are the important jewellery-buying occasions. The US jewellery market has grown at a compound annual growth rate of 5.7% over the last 25 years. The US retail jewellery industry is competitive and fragmented. The US retail jewellery market includes formats such as department stores, discount outlets, television home shopping, internet retailers and general merchandise, apparel and accessory stores. The largest jewellery retailer is believed to be Wal-Mart Stores, Inc., which includes a wide assortment of costume jewellery. The US diamond jewellery sales are believed to account for about 50% of worldwide diamond jewellery sales. In the US market, diamond jewellery sales accounted for about 55% of total jewellery sales in the year 2005. In the last ten years the growth in diamond jewellery sales has been more than a third faster than that of the total jewellery market. The US Jewellery market is divided on the basis of store type into two basic segments i.e. Major retail chains and independent midrange retailers. On the basis of data, around 43.10% and 56.90% of the jewellery market in the US is catered by the Major retail chains and independent retailers respectively.

(Source: Global jewellery sales & The Indian Gems and Jewellery Sector, July 2006)

Outlook:

Global jewellery sales are expected to grow and touch USD 185 billion by 2010 and USD 230 billion by 2015. Palladium is expected to establish itself as an alternative metal for jewellery fabrication, while gold and diamond jewellery will continue to dominate the market together, accounting for about 82%. The projected share of industry segments and key consumption market trend shows that by 2015 China and India together will emerge as a market equivalent to the US market. The Middle East will surface as another large market, accounting for close to 9 % of the global jewellery sales by 2015. The industry has a potential to grow up to USD 280 billion by 2015 at a CAGR of 6.7%.

Key Strength and Growth Drivers:

In order to achieve higher operational efficiencies, the Company is fully committed to upgrading manufacturing technology, quality control equipments and other operating parameters. The Company is engaged in business of manufacture and

sale of studded gold, platinum and silver jewellery and are primarily focused on international markets including the USA. Maintenance of high quality is one of the most significant and prime concerns of the business. The Company has been striving on a continuous basis through emphasis on product quality, continuing improvements and introduction of new designs to cater to the consumers preference and tastes.

Risk & Concern

We rely exclusively on the sale of gems and jewellery for our sales, and demand for these Luxury products could decline during economic downturns. Our profitability may be affected by the fluctuation in the prices of precious metals and precious and semi precious stones which are the raw material commodities for our Company.

Your Company is constantly monitoring this and is working on developing new alternatives and vendors for its various requirements of raw materials

We are subject to international market and regulatory risks. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate and/or seek to sell our products. There can be no assurance that the United States or any other jurisdiction in which we seek to sell our products will not impose trade restrictions in the future. Any such imposition of trade barriers may have a material adverse effect on our financial condition and results of operations.

Currently the Company's total turnover is from exports in US Dollars. Any fluctuation in the exchange rate would have a impact on our Company's profitability. Though we believe that we have a natural hedge on account of imports and our working capital funding being in US Dollars, we cannot assure that we will be able to effectively mitigate the adverse impact of currency fluctuations on our operating results.

We face competition from manufacturers from other developing markets in the world. India is one of the largest exporters of jewellery. In case the Governments of other developing countries provide more incentives to their manufacturers for Indian Government does not provide incentives, the Indian Jewellery industry may lose its competitiveness in the international markets.

Internal Control Systems and their adequacy:

The Company has a well structured internal control mechanism and the same is monitored by the Internal Audit conducted by well known Audit firms, which independently reviews and strengthens the control measures. The Internal Audit team regularly briefs the Management and the Audit Committee on their findings and also on the steps to be taken with regard to deviation, if any.

Material Development in Human Resources and Industrial Relations:

The Company believes in the overall development and continuous growth of its employees. The Company continues to provide its employees the ideal workplace where they can give optimum results. These strategies of the Company have resulted into team spirit and team work. The Company continues to equip its employees with the skill which would enable them to meet the growing organizational challenges.

Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, welfare and development continue to receive top priorities.

Statutory Compliance

On obtaining confirmation from various functional heads of the Company of having complied with all the statutory requirements, a declaration regarding compliance of the provisions of the various statutes is made by the Managing Director at the Board Meeting each year. Compliance officer has been appointed by the Board to ensure compliance of SEBI regulations and provisions of the Listing Agreements.

Segment wise Performance:

The Company's operations predominantly relate to export of Diamonds and Gold Studded Jewellery. Based on the guiding principle given in the Accounting Standard – 17 “Segment Reporting” issued by the institute of Chartered Accountants of India, the Company's primary segments are Diamonds and Gold Studded Jewellery.

A detailed statement of segment wise performance is given under notes to the accounts which form part of this Annual Report. Highlights are as follows:

Sr. No.	Particulars (Rs.)	Diamonds (Rs.)	Jewellery (Rs.)	Total (Rs.)
1.	Revenues	768,477,927	3,561,510,986	4,329,988,913
2.	Segmental Results	4,300,478	239,152,473	243,452,951
3.	Operating Profit Before Tax (PBT)	—	—	183,035,631
4.	Profit After Tax (PAT)	—	—	177,623,017
5.	Segment Assets	143,748,864	2,095,592,566	2,223,141,430
	Unallocated Assets	—	—	806,474,293
	Total Assets	143,748,864	2,095,592,566	3,045,815,723
6.	Segment Liabilities	139,453,984	183,473,351	322,927,335
	Unallocated Liabilities	—	—	1,030,317,670
	Total Liabilities	139,453,984	183,473,351	1,353,245,005

AUDITOR'S REPORT

TO,
THE MEMBERS OF
RENAISSANCE JEWELLERY LIMITED

1. We have audited the attached Balance Sheet of Renaissance Jewellery Limited as at 31st March, 2008, the Profit and Loss account and also cash flow statement for the year ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with the accounting 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comment in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose 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 those books and proper returns adequate for the purpose of our audit have been received from the branch not visited by us. The Branch

Auditor's report have been forwarded to us and have been appropriately dealt with;

- c. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
- d. In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
- e. On the basis of written representation received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with the Significant Accounting Policies and Notes thereon, more particularly Note No. 13 of Schedule 17, give the information required by the Companies Act, 1956 in the manner so required and give 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 31st March, 2008;
 - 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 cash flow statement, of the cash flow for the year ended on that date.

For **J. K. SHAH & CO.**
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480

Place: Mumbai
Date: June 11, 2008

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ANNEXURE TO THE AUDITOR'S REPORT

(as referred to in paragraph 3 of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of assets. No material discrepancies have been noticed on such verification.
(c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
2. (a) As explained to us, the inventories were physically verified by the management at reasonable intervals during the year.
(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
3. (a) As per the records of the company, it has given interest free unsecured loans to its three wholly owned subsidiaries (including erstwhile subsidiary company) covered in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 414,573,947/- and year-end balance (excluding ceased subsidiary) was Rs. 257,051,811/-.
(b) The other terms and conditions are not prima-facie prejudicial to the interest of the company.
(c) The principal amounts, are repayable on demand and there is no repayment schedule.
(d) In respect of the said loans, since they are repayable on demand, the question of overdue amounts does not arise.
(e) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. The company has adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and also for sale of goods. We have not come across any major weakness in internal control.
5. (a) Based on the audit procedure applied by us and on the basis of information and explanations provided by the management, we are of the opinion that the transactions that needed to be entered in to a register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
(b) The company is dealing in the items which requires technical appraisal and expertise in determining the prevailing market prices as on the date of the transaction and in the absence of required information and records, we are unable to express our opinion in respect of transaction made in pursuance of contracts or arrangements entered in the register maintained u/s 301 and exceeding the value of Rs. 5,00,000/- during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year, the company has not accepted any deposits to which provisions of sections 58A and 58AA of the Companies Act, 1956 or any other provisions of the Act will apply.
7. The company has internal audit function performed by a firm of Chartered Accountants. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2008 for

RENAISSANCE JEWELLERY LIMITED

a period of more than six months from the day they become payable.

- (b) According to information and explanation given to us and as per the records of the company, the following statutory dues have not been deposited on account of disputes:

Name of the Statue	Nature of demand	Period of dispute	Amount Rs.	Forum where dispute is pending
Customs Act,	Customs Penalty	1998-1999 2002-2003	2,00,000/- 1,11,196/-	CESTAT
Income Tax Act, 1961	Income Tax	2003-2004	11,05,527/-	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	2004-2005	20,40,620/-	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	2005-2006	15,07,877/-	Commissioner (Appeals)

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedure and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any bank. The company has neither taken any loans from financial institutions nor has issued debentures.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The provisions of any Special Statue applicable to Chit Funds, Nidhis or Mutual Benefit Funds / Societies are not applicable to the company.
14. The company is not dealing in or trading in shares, securities, debentures, or other investments and hence, requirement of clause (xiv) of the Order is not applicable to the company.
15. The Company has given corporate guarantee to bank on behalf of its subsidiary as mentioned in Note 2 of Schedule

17 to the Financial Statements. In our opinion and according to information and explanations given to us, the terms and conditions of said guarantee is not prima facie prejudicial to the interest of the company.

16. The company has not taken any Term Loans during the year.
17. According to Cash flow statements and other records examined by us and on the basis of the information and explanations received, the Company has not applied short term borrowings for long terms use.
18. The company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained u/s 301 of the Companies Act, 1956.
19. Since the company does not have any debentures, the question of creation of securities for debentures does not arise.
20. The Company has disclosed the end use of money raised by public issue of equity shares in Note No. 4 of Schedule 17 to the financial statements and the same has been verified by us.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For **J. K. SHAH & CO.**
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480

Place: Mumbai
Date: June 11, 2008

BALANCE SHEET AS AT MARCH 31, 2008

	Schedule	Rupees	2007-08 Rupees	2006-07 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	183,594,400		65,176,000
Reserves and Surplus	2	1,508,976,318		744,562,908
			1,692,570,718	809,738,908
LOAN FUNDS				
Secured Loans	3		989,026,142	904,544,566
TOTAL			2,681,596,860	1,714,283,474
APPLICATION OF FUNDS				
FIXED ASSETS				
	4			
Gross Block		323,737,356		305,023,762
Less : Depreciation		159,958,652		137,497,765
		163,778,704		167,525,997
Capital work-in-progress		6,762,495		—
			170,541,199	167,525,997
INVESTMENTS	5		470,877,939	12,080,689
DEFERRED TAX ASSETS (NET)			1,636,205	3,515,819
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	6	959,067,023		974,045,631
Sundry Debtors	7	1,015,607,227		945,724,005
Cash and Bank Balances	8	73,869,873		14,401,890
Loans and Advances	9	354,216,256		105,777,890
			2,402,760,379	2,039,949,416
LESS: CURRENT LIABILITIES & PROVISIONS	10			
Liabilities		326,021,577		501,754,500
Provisions		38,197,285		15,773,792
			364,218,862	517,528,292
NET CURRENT ASSETS			2,038,541,517	1,522,421,124
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Preliminary Expenses			—	8,739,845
TOTAL			2,681,596,860	1,714,283,474
NOTES TO ACCOUNTS	17			

As per our Report of even date
For J. K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

Place : Mumbai, June 11, 2008

Place : Mumbai, June 11, 2008

RENAISSANCE JEWELLERY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Schedule	2007-08 Rupees	2006-07 Rupees
INCOME			
Sales	11	4,329,988,913	3,848,444,671
Other Income	12	7,534,528	22,252,378
TOTAL		4,337,523,441	3,870,697,049
EXPENDITURE			
Consumption of Materials	13	2,942,081,951	3,234,456,363
Cost of Traded Goods		747,230,230	—
Personnel Costs	14	218,904,742	168,410,515
Manufacturing and Other Expenses	15	139,483,628	161,183,266
Interest and Financial Charges	16	81,798,381	74,702,980
Depreciation		24,988,878	26,515,650
TOTAL		4,154,487,810	3,665,268,774
PROFIT BEFORE TAXATION		183,035,631	205,428,275
Less: Provision for Taxation			
Current Tax		20,100,000	1,500,000
Deferred Tax		1,879,614	(1,263,819)
Wealth Tax		63,000	71,000
Fringe Benefit Tax		670,000	675,000
Earlier year's tax		—	4,432
MAT Credit		(17,300,000)	—
PROFIT AFTER TAXATION		177,623,017	204,441,662
Add : Balance Brought Forward		710,062,908	525,621,246
Less: Capitalized for allotment of fully paid Bonus Shares		65,176,000	—
Balance available for Appropriation		822,509,925	730,062,908
Appropriation			
Proposed Dividend		27,539,160	—
Tax on Dividend		4,680,280	—
Transfer to General Reserve		15,000,000	20,000,000
Balance carried to Balance Sheet		775,290,485	710,062,908
		822,509,925	730,062,908
Earning Per Share (EPS)			
Basic (Rs.)		12.14	15.68
Diluted (Rs.)		12.14	—
NOTES TO ACCOUNTS	17		

As per our Report of even date
For J. K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

Place : Mumbai, June 11, 2008

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Place : Mumbai, June 11, 2008

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

Annual Report 2007-2008

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	31 st March, 2008		31 st March, 2007	
	Rupees	Rupees	Rupees	Rupees
Cashflow from operating activities				
Net Profit before tax		183,035,631		205,428,274
ADJUSTMENTS:				
Interest income	(1,324,013)		(421,370)	
Dividend income	(5,338,266)		—	
Share of profit from Partnership	—		(120,904)	
Exchange fluctuation	2,702,521		2,295,898	
Loss on sale of assets (Net)	237,593		527,841	
Depreciation	24,988,878		26,515,650	
Interest and Financial Charges	81,798,381		74,702,980	
		103,065,094		103,500,095
Operating Profit before working capital changes		286,100,726		308,928,369
CHANGES IN WORKING CAPITAL				
Trade and other receivable	(279,582,013)		(181,949,141)	
Inventories	14,978,607		(143,504,895)	
Trade payables	(195,448,904)		(207,584,343)	
		(460,052,310)		(533,038,379)
Cash used in operation		(173,951,584)		(224,110,010)
Direct taxes		(25,798,172)		(2,010,885)
Net cash used in operating activities (A)		(199,749,756)		(226,120,895)
Cash flow from investing activities				
Interest income	646,910		333,241	
Investment in subsidiaries	(353,623,700)		(9,900,000)	
Purchase of Investments	(717,154,239)		—	
Sale of Investments	600,000,000		—	
Disposal of Investment in subsidiary Company	10,000,000		—	
Capital withdrawn from Partnership firm	1,980,689		—	
Dividend income	5,338,266		—	
Preliminary Expenses	—		(5,701,500)	
Purchase of fixed assets including CWIP	(30,205,419)		(18,338,206)	
Sale of fixed assets	1,963,746		2,480,369	
Net cash used in investing activities (B)		(481,053,747)		(31,126,096)
Cash flow from financing activities				
Net Proceeds from Issue of Equity Shares	746,168,078		—	
Interest and Financial Charges	(76,290,693)		(81,196,617)	
Proceeds from short term borrowings (Net)	70,478,346		334,670,573	
Net cash used in financing activities (C)		740,355,731		253,473,956
NET CASH / CASH EQUIVALENT (A+B+C)		59,552,228		(3,773,035)
Cash & cash Equivalent at beginning	14,198,372		17,971,407	
Cash & cash Equivalent at the end	73,750,600		14,198,372	
		59,552,228		(3,773,035)
Notes:				
1. The cash and cash equivalents in the cash flow statement comprise of the following Balance Sheet amounts :				
		31 st March, 2008		31 st March, 2007
(a) Cash on hand		198,540		267,843
(b) Balance with Banks		73,671,333		14,134,047
(c) Credit Balance with Scheduled Banks		(119,272)		(203,517)
		73,750,600		14,198,373
2. Previous year figures have been regrouped/rearranged wherever considered necessary.				

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

For and on behalf of the Board
Renaissance Jewellery Limited

Sanjay Dhruva
Partner
Membership No.38480

Niranjan A. Shah
Chairman

Sumit N. Shah
Managing Director

Hitesh M. Shah
Executive Director

Manju B. Batham
Company Secretary

Place : Mumbai, June 11, 2008

Place : Mumbai, June 11, 2008

RENAISSANCE JEWELLERY LIMITED

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2008**

	2007-08 Rupees	2006-07 Rupees
SCHEDULE 1		
CAPITAL		
Authorised		
25,000,000 (Previous Year: 15,000,000)	250,000,000	150,000,000
Equity Shares of Rs. 10/- each		
	250,000,000	150,000,000
Issued and Subscribed		
18,359,440 (Previous Year: 6,517,600)	183,594,400	65,176,000
Equity Shares of Rs. 10/- each fully paid-up		
Note		
(1) Of the above, 749,400 Equity Shares of Rs. 10/- each fully paid-up were allotted for consideration other than cash		
(2) Of the above, 11,405,800 (Previous Year : 4,888,200) Equity shares of Rs. 10/- each have been allotted as fully paid-up Bonus Shares by Capitalisation of Profit and Loss Account		
	183,594,400	65,176,000
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	34,500,000	14,500,000
Add : Transfer from Profit and Loss Account	15,000,000	20,000,000
	49,500,000	34,500,000
Securities Premium	745,393,600	—
Less : Public Issue Expenses	61,207,767	—
	684,185,833	—
Profit and Loss Account Balance (As per accounts attached)	775,290,485	710,062,908
	1,508,976,318	744,562,908
SCHEDULE 3		
SECURED LOANS		
Working Capital borrowings from Banks	989,026,142	904,544,566
(Secured by first charge on pari passu basis by way of hypothecation and/or pledge of company's current assets both present and future and by way of joint equitable mortgage of Company's factory premises, fixed machinery and plant, fixtures and fittings, erected and installed therein and by personal guarantee of some of the directors)		
	989,026,142	904,544,566

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008 (Contd.)

SCHEDULE 4

FIXED ASSETS

Rupees

	GROSS BLOCK				DEPRECIATION			NET BOOK VALUE		
Particulars	As at April 1, 2007	Additions	Sales/Adj. during the period	As at March 31, 2008	As at April 1, 2007	For the period	Sales/Adj. during the period	Upto March 31, 2008	As at March 31, 2008	As at April 1, 2007
TANGIBLE ASSETS										
Land	9,517,261	—	—	9,517,261	—	—	—	—	9,517,261	9,517,261
Building	80,808,805	482,170	—	81,290,975	32,467,851	4,834,359	—	37,302,210	43,988,765	48,340,954
Plant and Machinery	85,761,063	13,505,033	—	99,266,096	33,891,864	7,988,905	—	41,880,769	57,385,327	51,869,199
Furniture and Fittings	50,883,950	2,268,318	—	53,152,268	29,024,808	4,134,565	—	33,159,373	19,992,895	21,859,142
Electrical Installations	18,768,339	154,586	—	18,922,925	8,814,891	1,498,794	—	10,313,685	8,609,240	9,953,448
Office Equipment	23,882,008	769,874	175,365	24,476,517	10,363,419	2,029,353	96,390	12,296,382	12,180,135	13,518,589
Computers	21,752,307	1,352,547	459,477	22,645,377	17,976,715	1,828,267	452,558	19,352,424	3,292,953	3,775,592
Vehicles	13,650,029	3,884,037	4,094,488	13,439,578	4,958,217	2,491,519	1,979,043	5,470,693	7,968,885	8,691,812
INTANGIBLE ASSETS										
Computer Software	—	1,026,359	—	1,026,359	—	183,116	—	183,116	843,243	—
Total	305,023,762	23,442,924	4,729,330	323,737,356	137,497,765	24,988,878	2,527,991	159,958,652	163,778,704	167,525,997
Previous year	291,427,707	18,338,206	4,742,151	305,023,762	112,716,056	26,515,650	1,733,941	137,497,765	167,525,997	178,711,651

RENAISSANCE JEWELLERY LIMITED

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2008 (Contd.)**

	2007-08 Rupees	2006-07 Rupees
SCHEDULE 5		
INVESTMENTS		
Long Term (at cost)		
In Shares		
Unquoted (Trade) - Fully Paid Up		
– Subsidiary Companies		
(1) Nil (Previous Year - 1,000,000) Equity Shares of Rs. 10/- each of Renaissance Retail Venture Private Limited	–	10,000,000
(2) 10,000 (Previous Year - 10,000) Equity Shares of Rs. 10/- each of Verigold Fine Jewellery Private Limited	100,000	100,000
(3) 100 (Previous Year - Nil) Equity Shares of Renaissance Jewelry N.Y Inc	353,623,700	–
In Mutual Funds		
Unquoted (Non-Trade)		
4,830,756.207 Units (Previous Year: Nil) in ICICI Mutual Fund (Flexible Income Plan)	51,078,001	–
51,008.702 Units (Previous Year: Nil) in Reliance Mutual Fund (Liquid Plus Fund-Institutional Option)	51,066,668	–
1,496,243.817 Units (Previous Year: Nil) in HDFC Mutual Fund (CMF – Saving Plus Plan)	15,009,570	–
Other		
Investment in Partnership Firm-Sumit Diamonds	–	1,980,689
	470,877,939	12,080,689
Investments purchased and sold during the year :		
	Face Value (Rs)	Units (In Nos.)
JM Mutual Fund (Money Manager Fund Super Plus)	10	5,031,755.968
LIC Mutual Fund (Liquid Plus Fund)	10	30,094,609.700
DWS Mutual Fund (Money Plus Fund Institutional Plan)	10	5,029,699.067
Reliance Mutual Fund (Monthly Interval Fund - Series I)	10	5,001,092.771
Tata Mutual Fund (Fixed Income Portfolio Fund Scheme A3)	10	5,000,000.000
DWS Mutual Fund (Credit Opportunities Cash Fund)	10	4,978,161.059
Principal Mutual Fund (Principal Floating Rate Fund FMP)	10	5,047,297.044
HDFC Mutual Fund (CMF - Saving Plus Plan)	10	1,496,243.817
		Cost (In Lakhs)
		503.38
		3,009.46
		503.38
		500.51
		500.13
		503.65
		505.35
		150.10
SCHEDULE 6		
INVENTORIES		
(As taken valued and certified by the Management)		
Raw Materials (Including In-Transit Stock of Rs. 791,270/- ; Previous Year : Rs. Nil)	943,561,625	957,947,056
Stores and Spares	15,505,398	16,098,575
	959,067,023	974,045,631
SCHEDULE 7		
SUNDRY DEBTORS		
(Unsecured, Considered good) `		
Debts Outstanding over Six Months	5,063,973	6,028,678
Other Debts		
Subsidiary Companies	246,585,244	–
Others	763,958,010	939,695,327
	1,015,607,227	945,724,005

**SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2008 (Contd.)**

	2007-08 Rupees	2006-07 Rupees
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on Hand	198,540	267,843
Balances with Banks		
— Scheduled Banks		
— Current Accounts	37,102,764	5,908,723
— Margin Money Account (under lien with Banks)	4,360,000	2,990,000
— Fixed Deposit (under lien with Banks Rs. 5,000,000/- and Rs. 18,000,000/- under lien with banks as collateral security for facilities of subsidiary Company; Previous year Rs. Nil)	31,000,000	5,000,000
— Non-Scheduled Banks		
— Current Accounts		
— The Bank of Nova Scotia (Maximum Balance outstanding during the year Rs. 2,983,886/- Previous year Rs. 329,886/-)	83,886	109,886
— Margin Money Account (under lien with Bank)		
— The Bank of Nova Scotia (Maximum Balance outstanding during the year Rs. 8,085,753/-; Previous year Rs. 18,703,126/-)	1,124,683	125,438
	<u>73,869,873</u>	<u>14,401,890</u>
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	28,624,374	27,504,128
Loan to Subsidiary companies	257,051,810	74,650,000
Loan to Others	35,112,300	—
Sundry Deposits	10,275,878	2,737,039
Taxes Paid (Net of Provision)	5,851,894	886,723
MAT Credit Entitlement	17,300,000	—
	<u>354,216,256</u>	<u>105,777,890</u>
SCHEDULE 10		
CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES:		
Sundry Creditors		
— Subsidiary Companies	1,502,225	—
— Others (Including creditors for Capital goods Rs. 1,204,097/-; Previous Year Rs. 1,302,195/-)	295,489,551	481,943,431
Other Liabilities	28,910,529	19,570,121
Advance from Customers	—	37,431
Credit Balance with Scheduled Banks	119,272	203,517
	<u>326,021,577</u>	<u>501,754,500</u>
PROVISIONS:		
Provision for Retirement Benefit	5,977,845	15,773,792
Proposed Dividend	27,539,160	—
Tax on Dividend	4,680,280	—
	<u>38,197,285</u>	<u>15,773,792</u>

RENAISSANCE JEWELLERY LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	Rupees	2007-08 Rupees	2006-07 Rupees
SCHEDULE 11			
SALES			
Export - Jewellery		3,561,510,986	3,848,444,671
Export - Cut and Polished Diamonds		768,477,927	—
		<u>4,329,988,913</u>	<u>3,848,444,671</u>
SCHEDULE 12			
OTHER INCOME			
Share of profit from Partnership		—	120,904
Interest (Gross)		1,324,013	421,370
(Tax deducted at source Rs. 180,521/-; Previous Year: Rs. 93,380/-)			
Dividend Income (Non-Trade Investment)		5,338,266	—
Miscellaneous Income		464,771	124,773
(Tax deducted at source Rs. 10,531/-; Previous Year: Rs. Nil)			
Discount from Suppliers		407,478	374,513
Exchange Rate Difference (Net)		—	21,210,818
		<u>7,534,528</u>	<u>22,252,378</u>
SCHEDULE 13			
CONSUMPTION OF MATERIALS			
Raw Materials			
Opening Stock	957,947,056		816,611,873
Add : Purchases	2,980,781,799		3,455,560,170
	<u>3,938,728,855</u>		<u>4,272,172,043</u>
Less : Sale of Materials	53,085,279		79,768,624
Less : Closing Stock	<u>943,561,625</u>		<u>957,947,056</u>
		<u>2,942,081,951</u>	<u>3,234,456,363</u>
SCHEDULE 14			
PERSONNEL COSTS			
Salaries Wages and Bonus		188,543,290	143,553,358
Contribution to Provident Fund and other Funds		9,990,102	8,496,945
Contribution to ESIC		4,091,194	3,229,261
Workmen and Staff Welfare		16,280,156	13,130,951
		<u>218,904,742</u>	<u>168,410,515</u>

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 (Contd.)

	2007-08 Rupees	2006-07 Rupees
SCHEDULE 15		
MANUFACTURING AND OTHER EXPENSES		
Tools, Stores and Spares Consumed	49,016,457	42,520,975
Exchange Rate Difference (Net)	4,026,248	—
Power, Fuel and Water Charges	24,687,290	17,220,491
Jewellery Making Charges	2,136,895	228,510
Repairs and Maintenance		
— Machinery	1,609,127	903,664
— Building	1,352,189	49,584
— Others	6,642,596	6,859,467
Rent, Rates and Taxes	2,124,223	2,360,034
Legal and Professional Charges	2,005,198	628,620
Directors Sitting Fees	445,000	112,500
Sales Commission	-	53,552,036
Printing and Stationery	2,455,521	2,247,254
Membership and Subscription	2,686,897	1,616,776
Insurance	5,128,113	4,459,489
Travelling and Conveyance	7,375,968	4,975,991
Communication Expenses	2,521,116	2,116,426
Clearing and Transportation Charges	7,985,239	6,185,137
Auditors' Remuneration		
— Audit fees	341,180	140,000
— Tax Audit fees	30,000	20,000
— Taxation and Other matters	55,000	65,000
Loss on sale/discard of Assets (Net)	237,593	527,841
Donation	205,552	5,000
Miscellaneous Expenses	16,416,226	14,388,471
	139,483,628	161,183,266
SCHEDULE 16		
INTEREST AND FINANCIAL CHARGES		
Bank Interest	67,079,599	61,959,404
Bank Charges	14,718,782	12,743,576
	81,798,381	74,702,980

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES:

(a) **General**

The Accounts have been prepared on historical cost basis ignoring changes, if any, in the purchasing power of money.

All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.

(b) **Fixed Assets and Depreciation**

Fixed assets are stated at cost of acquisition/construction, and include other direct/indirect and incidental expenses incurred to put them into use.

(c) **Depreciation**

Depreciation is provided on Written Down Value basis at the rates prescribed in Schedule XIV to The Act. Depreciation on additions/deletions are calculated pro-rata from the month of additions/deletions.

(d) **Intangibles**

Intangible assets are stated at costs less accumulated amortization.

Intangible assets are amortized over a period of 5 years.

(e) **Investments**

Investments which are Long Term in nature are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

(f) **Inventories**

Classification:

Due to the short period of processing and/or manufacturing, difficulty in identifying the stages of process and the insignificant impact on valuation, goods in process is classified as raw materials for the purpose of classification and valuation.

Valuation:

- (i) Stores and spares are valued at cost. The cost is computed on moving weighted average.
- (ii) Raw materials are valued at cost on a specific identification basis.
- (iii) Silver Models are valued based on technical estimates and accordingly, 50% is written

off in the year of purchase and balance in the subsequent year.

(g) **Employee Benefits**

Short Term Employee Benefits:

Short Term Employee Benefits are recognised in the period during which the services have been rendered.

Long Term Employee Benefits:

Provident Fund, Family Pension Fund & Employees' State Insurance Scheme.

As per Provident Fund Act, 1952 all employees of the company are entitled to receive benefits under the Provident Fund & Family Pension Fund which is a defined contribution plan. These contributions are made to the fund administrated and managed by Government of India. In addition, some employees of the company are covered under Employees' State Insurance Scheme Act 1948, which are also defined contribution schemes recognised and administrated by Government of India.

The Company's contributions to these schemes are recognised as expense in profit and loss account during the period in which the employee renders the related service. The company has no further obligation under these plans beyond its monthly contributions.

Leave Encashment:

The company has provided for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

Gratuity:

The Company provide for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all eligible employees. The present value of the obligation under such Defined Benefits plan is determined based on actuarial valuation using the Project Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation. The obligation is measured at the present value of the estimated cash flows. The discount rate used for determining the present value of the defined obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognised in Profit and Loss Account as and when determined.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 17 (Contd....)

The Company makes annual contribution to the approved Gratuity Trust for the Gratuity Plan in respect of all the employees.

(h) Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing at the time of transaction.

Gains or Losses upon settlement of transaction during the year is recognised in the profit and loss account.

Assets and liabilities denominated in foreign currency are restated at the year end rates. Gains or losses arising as a result of the above are recognized in the profit and loss account.

In respect of foreign exchange transactions covered by forward exchange contracts, the difference between the forward contract rate and the exchange rate at the date of the transaction is recognised as income or expenses over the life of contracts.

Gains or losses on cancellation or renewal of forward exchange contracts are recognised as income or expenses.

(i) Income Tax

Tax expenses comprise of current, deferred and fringe benefit tax.

Provision for current income tax and fringe benefit tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.

Deferred Tax is recognized subject to the consideration of prudence on timing differences, being the difference between taxable Income and Accounting Income that originate in one period and are capable of reversal in one or more subsequent periods.

Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

(j) Borrowing Cost

Borrowing Cost directly attributable to the acquisition of or construction of fixed assets are capitalized as part of cost of the assets up to the date the asset is put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

(k) Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

(l) Leases

Leases wherein a significant portion of the risks and reward of ownership are retained by the lessor are classified as Operating Leases. Lease rentals in respect of such leases are charged to the Profit and Loss Account.

(m) Provisions and Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or present obligation that probably will not require an outflow of resources or where reliable estimate of the amount of the obligation cannot be made.

NOTES TO ACCOUNTS:

- In the opinion of the Board, current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. Provisions for all the known liabilities and depreciation are adequate and not in excess of the amount reasonably necessary.

Contingent Liabilities not provided for in respect of:		As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
(i)	Guarantees given by Banks on behalf of the Company to third parties	80,000,000	70,000,000
(ii)	Guarantees given to banks against credit facilities extended to subsidiary company	26,000,000	—
(iii)	Penalty levied by the Custom Authorities	311,196	311,196
(iv)	Income Tax demand disputed in appeal :		
	Disputed by the Company	5,654,024	3,146,147
	Disputed by the Department	6,111,413	6,111,413
(v)	Estimated amount of contract remaining to be executed on capital account (Net of advances)	4,684,240	—

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

3. Exchange rate difference arising during the year has been charged to Profit and Loss account as under:

(Rupees)

	As at March 31, 2008	As at March 31, 2007
Revenue Accounts – Loss / (Gain)	3,995,592	(21,210,819)
Capital Accounts – Loss / (Gain)	30,656	–
Total	4,026,248	(21,210,819)

4. The position of funds raised in IPO including share premium and utilization thereof as per the objects of the issue up to March 31, 2008 is as under:

(Rupees)

Funds raised (Including share premium)	798,636,000
Utilization:	
Expansion of manufacturing Capacity at Bhavnagar Unit (100% EOU)	10,739,397
Expansion of capacity and modernization of Mumbai units	15,395,754
Investment in Foreign subsidiary	353,655,715
Augmenting working capital requirement	209,483,128
Expenses incurred towards the IPO	61,207,767
Total Utilization:	650,481,761
Lying in Liquid Mutual Funds and Fixed Deposits	148,154,239

5. (a) Derivative Instruments:

The Company has entered into forward contract to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian rupee. The counter party to such forward contract is a bank. These contracts are entered to hedge the foreign currency risks. Details of forward contracts outstanding as at the year end.

Currency	Exposure to buy/sell	As at March 31, 2008		As at March 31, 2007	
		Foreign Currency	Rupees	Foreign Currency	Rupees
US Dollars	Sell	1,175,000	46,835,500	–	–

- (b) Foreign currency exposure at the year end not hedged by derivative instruments:

	As at March 31, 2008		As at March 31, 2007	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Receivable against export of goods:				
US Dollars	24,319,144.42	969,361,095	21,695,893.67	945,724,005
Payable against Secured Loans:				
US Dollars	24,812,497.28	989,026,142	20,536,876.38	895,202,454
Payable against Import of goods and Services :				
US Dollars	6,249,566.87	249,107,735	15,843,246.68	690,607,122
Euros	1,785.32	112,439	12,322.00	709,183
Swiss Franc	334.80	13,703	–	–
Advance payment to suppliers :				
US Dollars	55,361.72	2,206,719	–	–
Euros	83,754.22	5,274,841	–	–
Bank Balance :				
US Dollars	281,760.08	11,230,957	–	–

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

6. Details of transactions with Subsidiaries and Associated Companies are as follow

Sr. No.	Name of the Company	Nature of Relation	Nature of Transaction	Maximum Balance during the year	As at March 31, 2008	As at March 31, 2007
1.	Verigold Fine Jewellery Pvt. Ltd.	Subsidiary	Loan (Dr)	257,020,880	257,020,880	—
2.	Renaissance Jewelry New York Inc.	Subsidiary	Loan (Dr)	30,931	30,931	—
			Debtors (Dr)	246,585,244	246,585,244	—
			Creditors (Cr)	6,385,318	1502,225	—
3.	Renaissance Retail Venture Pvt. Ltd.	Subsidiary	Loan (Dr)	157,522,136	35,112,300	74,650,000
4.	Fancy Jewellery Pvt. Ltd.	Associates	Creditors (Cr)	9,000	9,000	—
5.	Renaissance Jewellery Limited – Employee Group Gratuity Trust	Associates	Creditors (Cr)	16,184,987	1,370,422	—

7. Advance recoverable in cash or kind includes due from a director Rs. Nil, Maximum balance outstanding during the year Rs. 609,000/-. (Previous year Rs. 609,000/-; Maximum balance outstanding as on 31st March, 2007 Rs. 6,109,000/-).

8. Transaction with related party:

Related party Disclosure as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India is as under:

(a) Key Management Personnel:

- (1) Mr. Niranjana A. Shah
- (2) Mr. Sumit N. Shah
- (3) Mr. Hitesh M. Shah
- (4) Mr. Neville R. Tata

(b) Subsidiary Companies:

- (1) Verigold Fine Jewellery Private Limited
- (2) Renaissance Retail Venture Private Limited (up to March 06, 2008)
- (3) Renaissance Jewelry N.Y Inc.

(c) Associate Concerns / Companies / Trust under Control of Key Management Personnel and Relatives:

- (1) N. Kumar Diamonds Exports Limited
- (2) Fancy Jewellery Private Limited
- (3) Sumit Diamonds
- (4) Housefull International Limited
- (5) Anika Jewellery Private Limited
- (6) Renaissance Jewellery Limited – Employee Group Gratuity Trust
- (7) L. J. Creations Pvt. Ltd.

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(d) Details of transactions with related Parties:

Transaction with related parties	Subsidiary Companies	Associated Companies / Concerns	Key Management Personnel
Sales :			
Sale of Materials	52,927,580	–	–
	(78,444,251)	(–)	(–)
Sale of Jewellery	246,137,686	–	–
	(–)	(–)	(–)
Sale of Assets/Moulds	–	–	–
	(1,462,324)	(–)	(–)
Purchases:			
Purchase of Materials	27,817,654	26,744,491	–
	(–)	(10,781,238)	(–)
Purchase of Assets	4,940,695	305,838	–
	(–)	(161,728)	(–)
Purchase of Consumable/Tools/Spares	489,260	–	–
	(–)	(–)	(–)
Expenditure:			
Rent Paid	–	81,000	–
	(–)	(–)	(–)
Contribution towards Group Gratuity	–	16,184,987	–
	(–)	(–)	(–)
Remuneration	–	–	3,688,080
	(–)	(–)	(3,688,080)
Miscellaneous Expenses	–	–	–
	(–)	(606,804)	(–)
Loans & Advances:			
Loans (Net)	217,514,111	–	–
	(74,650,000)	(–)	(3,850,000)
Balance as on March 31, 2008	292,164,111	–	–
	(–)	(–)	(–)
Investment:			
Investment	353,623,700	–	–
	(9,900,000)	(–)	(–)
Sundry Debtors:			
Balance as on March 31, 2008	246,585,244	–	–
	(–)	(–)	(–)
Sundry Creditors:			
Balance as on March 31, 2008	1,502,225	1,379,422	–
	(74,650,000)	(–)	(609,000)
Guarantees Issued:			
Financial Guarantee	26,000,000	–	–
	(–)	(–)	(–)

Note: Figures in bracket indicate figures of previous year.

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

9. Segment Reporting:

(A) Primary Segment:

The company's operations predominantly relate to export of Diamonds and Gold Studded Jewellery. Based on the guiding principle given in the Accounting Standard – 17 “Segment Reporting” issued by the institute of Chartered Accountants of India, the Company's primary segments are Diamonds and Gold Studded Jewellery.

The above business segment have been identified considering:

- (i) The nature of the products.
- (ii) The related risks and returns.
- (iii) The internal financial reporting system.

(B) Accounting Policies:

The accounting principles consistently used in preparation of financial statements are also consistently applied to record income and expenditure in individual segments. These are set out in the note on significant accounting policies.

Inter division transfers are made at the cost.

Interest expenses and interest income are reported as unallocated expenses / income. Accordingly assets and liabilities relating to interest income and expenses are reported as in unallocated assets and liabilities respectively.

Segmental assets and liabilities does not include inter segment assets and liabilities

Sr. No.	Particulars	Diamonds	Jewellery	Total
1.	Revenues			
	Sales	768,477,927	3,561,510,986	4,329,988,913
	Total Revenues	768,477,927	3,561,510,986	4,329,988,913
2.	Results			
	Segmental Results	4,300,478	239,152,473	243,452,951
	Add/Less: Unallocable items			
	Less: Interest	–	–	67,079,599
	Add: Interest Received	–	–	1,324,013
	Add :Dividend Income	–	–	5,338,266
	Operating Profit Before Tax (PBT)	–	–	183,035,631
	Less : Tax Provision	–	–	5,412,614
	Profit After Tax (PAT)	–	–	177,623,017
3.	Segment Assets	143,748,864	2,095,592,566	2,223,141,430
	Unallocated Assets	–	–	806,474,293
	Total Assets	143,748,864	2,095,592,566	3,045,815,723
4.	Segment Liabilities	139,453,984	183,473,351	322,927,335
	Unallocated Liabilities	–	–	1,030,317,670
	Total Liabilities	139,453,984	183,473,351	1,353,245,005
5.	Capital Employed	42,94,880	1,912,119,215	1,692,570,718
6.	Capital Expenditures	–	30,205,419	30,205,419
7.	Depreciation	–	24,988,878	24,988,878

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(C) Secondary Segment:

As the company's operates significantly in export of the above mentioned products, there is no secondary segment on the basis of geographical location or assets based locations.

(D) In previous year, the company was having Jewellery Segment only and hence previous year's figures are not given.

10. The Company, during the year, has adopted Accounting Standard 15 (Revised) "Employee Benefits" issued by the ICAI. In accordance with the stipulations of the Standard, the Company has recognised the following amounts in the financial statements:

(a) Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

Particulars	Rupees
Employer's Contribution to Provident Fund & Family Pension Fund	9,007,823
Employer's Contribution to Employees' State Insurance Scheme	4,091,194

(b) Defined Benefit Plan

• Reconciliation of opening and closing balances of Defined Benefit obligation

(Rupees)

Particulars	Gratuity (Funded)
Defined Benefit obligation at the beginning of the year	9,479,364
Current Service Cost	3,334,089
Interest Cost	758,349
Actuarial (gain)/loss	3,391,442
Benefits Paid	(778,257)
Defined Benefit obligation at year end	16,184,987

• Reconciliation of opening and closing balances of fair value of plan Assets

(Rupees)

Particulars	Gratuity (Funded)
Fair value of plan assets at the beginning of the year	—
Expected return on plan assets	—
Actuarial gain/(loss)	—
Employer contribution	14,814,565
Benefits Paid	—
Fair value of plan assets at the end of the year	14,814,565

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

- Actual Return on Plan Assets**

Particulars	Rupees
Expected return on plan assets	—
Actuarial gain/(loss) on plan assets	—
Actual return on plan assets	—

- Reconciliation of fair value of plan assets and benefit obligations**

(Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair value of assets as at 31st March, 2008	14,814,565	—
Present value of obligation as at 31st March, 2008	16,184,987	5,977,845
Amount recognised in Balance Sheet	1,370,422	5,977,845

- Expense Recognised during the year (Under the head “Personnel Costs”- Refer Schedule- 14)**

(Rupees)

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Current Service Cost	3,334,089	1,898,673
Interest Cost	758,349	478,228
Expected return on Plan Assets	—	—
Actuarial (gain)/loss	3,391,442	(718,175)
Expense Recognised in Profit and Loss Account	7,483,880	1,658,726

- Investment details**

The Company made annual contributions to the Employee Group Gratuity Trust based on the actuarial valuation. The said Trust is in the process of making investment of Gratuity Fund through MetLife India Insurance Company Limited according to the guidelines of IRDA.

- Actuarial Assumptions**

Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate (per annum)	8%	8%
Expected Rate of Return on Plan Assets (per annum)	—	—
Salary Escalation (per annum)	7%	7%

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

11. The Company has taken premises from SEEPZ-SEZ, Ministry of Commerce & Industry on non-cancellable operating lease and lease rent amounting of Rs. 488,040/- (Previous Year: 488,040/-) has been charged to profit & loss account. The future minimum lease payments are as under:

	2007-2008	2006-2007
Not later than one year	488,040	203,350
Later than one year and not later than five years	1,748,810	—

12. Deferred Tax:

Major components of deferred tax assets and liabilities on account of timing difference are as below:

	As on 31-03-2008	As on 31-03-2007
Deferred Tax Assets		
Leave Salary	2,031,870	1,944,979
Gratuity	—	2,929,123
Total	2,031,870	4,874,102
Deferred Tax Liabilities		
Depreciation	395,665	1,358,283
Total	395,665	1,358,283
NET	(1,636,205)	(3,515,819)
Provision / (Credit) during the year	1,879,614	(1,263,819)

13. The suppliers' invoices or other documents furnished by them do not give any ostensible information about their status and in particular, whether a small scale industrial undertaking (SSI Units). Accordingly it is not possible to disclose any authentic information due to SSI units.

In the absence of necessary information with the company relating to the registration status of the suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act could not be compiled and disclosed.

The Company has not received any claim in respect of interest which would be payable under 'The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Ordinance 1992'.

14. **Managerial Remuneration:**

(Rupees)

	2007-2008	2006-2007
Salary	3,660,000	3,660,000
Contribution to Provident Fund	28,080	28,080
Total	3,688,080	3,688,080

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

15. Earning per share (EPS) is computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India as under:

		2007-2008	2006-2007
Net Profit available for Equity Shareholders	Rs.	177,623,017	204,441,661
No. of Equity Shares outstanding until No. March 31, 2007	No.	6,517,600	6,517,600
Bonus shares issued during the year	No.	6,517,600	—
Initial Public Offer of Equity Shares during the year	No.	5,324,240	—
Weighted Average No. of Shares after Adjustment of Bonus Shares	No.	14,635,381	13,035,200
Face value of Equity Shares	Rs.	10	10
Earning Per Share	Rs.	12.14	15.68*

* Note : Restated Earning Per Share

16. Additional information required under Para. 3, 4C and 4D of part II Schedule VI to the Companies Act, 1956 (As certified by the Managing Director and relied upon by the Auditors) to the extent applicable, are as follows:

(a) **Value of Imports Calculated on CIF basis:**

(Rupees)

	2007-2008	2006-2007
Raw Materials	2,773,755,417	3,258,302,210
Consumable, Tools & Spares	30,060,002	28,074,353
Capital Goods	5,404,215	4,606,956
Total	2,809,219,634	3,290,983,519

(b) **Expenditure in Foreign Currency:**

(Rupees)

	2007-2008	2006-2007
Bank Interest	8,372,797	6,761,304
Foreign Bank Charges	1,658,270	1,048,752
Traveling – Foreign	1,537,774	522,540
Commission	—	53,552,036
Insurance Charges	1,839,614	1,953,703
Factory Expenses	2,418,832	168,346
Others	724,441	339,046
Total	16,551,728	64,345,727

(c) **Earnings in Foreign Currency:**

(Rupees)

	2007-2008	2006-2007
F.O.B. Value of Exports	4,325,196,210	3,845,591,591
Total	4,325,196,210	3,845,591,591

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(d) Value of Imported and Indigenous Raw Materials and Spare Parts Consumption:

Class of Goods		2007-2008		2006-2007	
		Rupees	Percentage	Rupees	Percentage
a)	Raw Materials				
	Imported	2,741,338,037	93.18	3,153,883,546	97.51
	Indigenous	200,743,914	6.82	80,572,817	2.49
Total		2,942,081,951	100.00	3,234,456,363	100.00
b)	Stores and Spares				
	Imported	27,895,296	56.91	28,295,232	66.54
	Indigenous	21,121,161	43.09	14,225,743	33.46
Total		49,016,457	100.00	42,520,975	100.00

(e) Details of Installed Capacities and Actual Production:

Jewellery Division :	2007-2008 Qty. (KGS)	2006-2007 Qty. (KGS)
Manufactured Goods		
Installed Capacity	2150	1850
Licensed Capacity	5650	2775
Actual Production	1858	1642

Note: The installed capacities mentioned above have been determined by the Company's technical officials and have been accepted by the Auditors, without verification, being a technical matter.

(f) Consumption of Materials:

Class of Goods	UOM	2007-2008		2006-2007	
		Qty.	Rupees	Qty.	Rupees
Gold (Net-off Recovery)	Gms	1,116,352	1,094,677,914	1,133,042	1,009,392,798
Cut & Polished Diamonds	Cts	347,625	1,639,595,642	322,561	1,955,752,162
Precious & Semi Precious Stones	Cts	295,219	37,265,358	188,057	49,796,884
Gold Findings	Gms	124,718	129,936,089	189,177	192,169,196
Silver / Silver Model (Net-off Recovery)	Gms	354,772	16,548,849	191,252	10,114,545
Alloy	Gms	2,959,401	14,680,860	2,924,626	15,163,751
Platinum / Platinum Findings	Gms	2,717	2,960,759	302	256,132
Silver Findings	Gms	130,221	6,416,480	27,359	1,810,895
Total	Gms		2,942,081,951		3,234,456,363

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(g) Turnover

Manufactured Goods	UOM	2007-2008		2006-2007	
		Qty.	Rupees	Qty.	Rupees
a) Jewellery Division :					
Studded Gold Jewellery	Pcs	1,392,346	3,561,510,986	1,193,209	3,848,444,671
Total		1,392,346	3,561,510,986	1,193,209	3,848,444,671
b) Diamond Division :					
Traded Goods					
Cut & Polished Diamond	Cts	96,519,590	768,477,927	—	—
Total		96,519,590	7,68,477,927	—	—
Grand Total (a+b)			4,329,988,913		3,848,444,671

(h) Details in respect of purchases of products for Re-sale.

Class of Goods	UOM	2007-2008		2006-2007	
		Qty.	Rupees	Qty.	Rupees
Diamonds	Cts	96,519,590	747,230,230	—	—
Total		96,519,590	747,230,230	—	—

17. Previous year's figures are regrouped / rearranged, wherever necessary.

Signatures to Schedules 1 to 17 forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008.

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

Place : Mumbai, June 11, 2008

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Place : Mumbai, June 11, 2008

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

Balance Sheet Abstract

(Additional Information Pursuant to Part IV of the Schedule VI to the Companies Act, 1956)

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

(Rupees)

Registration No.	544986	State Code	11
Balance Sheet Date	March 31, 2008		

II. Capital Raised during the year

Public Issue	53,242,400	State Code	Nil
Bonus Issue	65,176,000		Nil

III. Position of Mobilization & Deployment of Funds

Total Liabilities	2,681,596,860	State Code	2,681,596,860
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SOURCE OF FUNDS

Paid-up Capital	183,594,400	Reserve & Surplus	1,508,976,318
Share Application Money	—	Unsecured Loans	—
Secured Loans	989,026,142	Deferred Tax Liabilities	—

APPLICATION OF FUNDS

Net Fixed Assets	170,541,199	Investments	470,877,939
Net Current Assets	2,038,541,517	Deferred Tax Assets	1,636,205
Accumulated Losses	—	Misc. Expenditures	—

IV. Performance of Company

Turnover	4,329,988,913	Total Expenditures	4,154,487,810
Profit Before Tax (PBT)	183,035,631	Profit After Tax (PAT)	177,623,017
Earning Per Share (Rs)	12.14	Dividend (Rs. / Share)	1.50

V. Generic Names of Principal Products of company (as per monetary terms)

Item Code (ITC Code):	711319-02	Product Description : Studded Gold Jewellery
Item Code (ITC Code):	710231-01	Product Description : Cut & Polished Diamonds

For and on behalf of Board of Directors

Niranjan A. Shah
Chairman

Sumit N. Shah
Managing Director

Hitesh M. Shah
Executive Director

Manju Batham
Company Secretary

Mumbai, June 11, 2008

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

(Rs in lacs)

		Renaissance Jewelry New York Inc.*	Verigold Fine Jewellery Private Limited	Renaissance Retail Venture Private Limited**
1.	Financial Year of the Subsidiary Companies ended on:	March 31, 2008.	March 31, 2008.	March 31, 2008.
2.	Date from which it became a subsidiary	12-Sep-07	20-Mar-06	20-Mar-06
3.	Shares of the Subsidiary Companies held by the Company on the above stated dates:			
	(a) Nos	100 Equity Shares	10,000 Equity Shares	1,000,000 Equity Shares
	(b) Face Value	At par	Rs 10/-	Rs 10/-
	(c) Extent of holding	100%	100%	100%
4.	The net aggregate amount of Profit/(Loss) of the Subsidiary Company for the above financial year so far as they concerns Members of the Company:			
	(a) Dealt with in the accounts of the Company for the year ended 31st March 2008	Nil	Nil	Nil
	(b) Not Dealt with in the accounts of the Company for the year ended 31st March 2008	43.25	1,569.87	(87.45)
5.	The net aggregate amount of Profit/(Loss) of the subsidiary Company for the previous financial years of the subsidiary, since it become subsidiary so far as they concerns Members of the Company:			
	(a) Dealt with in the accounts of the Company for the previous financial years	Nil	Nil	Nil
	(b) Not Dealt with in the accounts of the Company for the previous financial years	Nil	686.39	(109.19)
Statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2008 pursuant to exemption under Section 212(8) of the Companies Act,1956 relating to subsidiary companies.				
6.	Capital	3587.40	1.00	100.00
7.	Reserves	119.21	2256.26	(196.65)
8.	Total Assets	12663.02	7140.67	826.69
9.	Total Liabilities	8983.32	4885.82	923.89
10.	Current Investments	Nil	Nil	Nil
11.	Turnover	5198.51	12435.33	1360.85
12.	Profit/(Loss) before Taxation	69.11	1572.81	(40.72)
13.	Provision for Taxation	25.87	2.93	46.73
14.	Profit/(Loss) After Taxation	43.25	1569.87	(87.45)
15.	Proposed dividend	Nil	Nil	Nil

The Company has applied for exemption under Section 212 from attaching Report and Annual accounts of its subsidiaries. Accordingly, the annual accounts of the subsidiary companies have not been attached to the Balance Sheet of the Company as at March 31, 2008.

The annual accounts of the subsidiary companies and the related details/information will be made available to the investors of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies are also available for inspection during business hours, at the Registered Office of the Company and at the head offices of the respective subsidiary companies.

*Renaissance Jewelry New York Inc has reported a profit of USD 107,370. However due to loss on exchange difference on conversion of the USD figures to INR, the company has reported profit of Rs. 43.25 lacs.

**The holding company has disposed of its interest in subsidiary Company "Renaissance Retail Venture Private Limited" on March 06, 2008 and hence above stated reported figures are as of March 06, 2008.

For and on behalf of Board of Directors

Niranjan A. Shah
Chairman

Sumit N. Shah
Managing Director

Hitesh M. Shah
Executive Director

Manju Batham
Company Secretary

Mumbai, June 11, 2008

RENAISSANCE JEWELLERY LIMITED

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RENAISSANCE JEWELLERY LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated balance sheet of Renaissance Jewellery Limited ("the Company") and its subsidiaries ("the Group") as at 31st March, 2008, and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the year ended on that date annexed there to. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with generally accepted auditing standards 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 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 significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Foreign Subsidiary, viz. Renaissance Jewelry New York, INC., which are drawn upto 31st March 2008 and whose financial statements reflect total net assets of USD. 31,647,055(Previous Year Nil) as at 31st March, 2008, total Revenue of USD 12,906,926 (Previous Year Nil) and the net cash flow amounting USD 307,495 (Previous Year Nil). These Financial statements and other financial information have been audited by independent firm of Accountants

under the law of the country of its incorporation and whose reports have been furnished to us. In our opinion, in so far as it relates to amount included in respect of said subsidiary, are solely on the report of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Group in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India to the extent applicable and on the basis of separate financial statements of the company and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of audit report on individual audited financial statements of the company and its subsidiaries, we are of the opinion that the attached consolidated financial statements read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) In case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31st March, 2008;
 - (2) In the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - (3) In the case of the Consolidated Cash Flow Statement, of the Cash Flow of the Group for the year ended on that date.

For J.K. SHAH & CO.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480

Place: Mumbai
Date: June 11, 2008

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

	SCHEDULE	Year Ended March 31, 2008	Year Ended March 31, 2007
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	183,594,400	65,176,000
Reserves and Surplus	2	1,736,411,347	802,171,614
		1,920,005,747	867,347,614
Secured Loans	3	1,477,296,262	904,544,566
Unsecured Loans	4	81,616,753	—
		1,558,913,015	904,544,566
TOTAL		3,478,918,762	1,771,892,180
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	434,512,605	343,256,569
Less : Depreciation		168,095,645	144,057,832
Net Block		266,416,960	199,198,737
Capital Wok-in-progress		6,762,495	—
		273,179,455	199,198,737
INVESTMENTS	6	117,154,239	1,980,689
DEFERRED TAX ASSETS (NET)		4,560,949	8,062,891
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	1,757,675,665	1,119,651,867
Sundry Debtors	8	1,761,841,090	983,680,938
Cash and Bank Balances	9	117,251,018	23,327,219
Loans and Advances	10	104,355,459	43,006,464
		3,741,123,232	2,169,666,488
LESS: CURRENT LIABILITIES AND PROVISIONS	11		
Liabilities		618,151,035	599,018,835
Provisions		38,955,195	16,737,637
		657,106,230	615,756,472
NET CURRENT ASSETS		3,084,017,002	1,553,910,017
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Preliminary Expenses		8,133	8,739,846
Less: Written off during the period		1,016	—
		7,117	8,739,846
TOTAL		3,478,918,762	1,771,892,180
Notes to Accounts	20		

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

Place : Mumbai, June 11, 2008

Place : Mumbai, June 11, 2008

RENAISSANCE JEWELLERY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	SCHEDULE	Year Ended March 31, 2008	Year Ended March 31, 2007
INCOME			
Sales	12	5,956,829,776	4,437,460,824
Other Income	13	27,095,435	16,262,078
TOTAL		5,983,925,211	4,453,722,902
EXPENDITURE			
Consumption of Materials	14	4,006,589,162	3,638,033,041
Cost of Traded Goods	15	948,030,194	86,589,474
Decretion/(Accretion) to Inventories	16	11,457,183	(21,133,453)
Personnel Costs	17	297,028,664	198,418,319
Manufacturing and Other Expenses	18	245,129,125	193,890,737
Interest and Financial Charges	19	93,325,719	75,789,211
Depreciation		33,125,127	31,316,585
Preliminary Expenses		34,759	—
TOTAL		5,634,719,933	4,202,903,914
PROFIT BEFORE TAXATION		349,205,278	250,818,988
Less: Provision for Taxation			
Income Tax			
— Current Tax		25,830,434	1,522,000
— Earlier Year Tax		—	117
Deferred Tax		3,528,582	(5,874,265)
Wealth Tax		63,000	71,000
Fringe Benefit Tax			
— Current Tax		843,487	795,000
— Earlier Year Tax		—	5,382
MAT Credit		(17,300,000)	—
PROFIT AFTER TAXATION FOR APPROPRIATION		336,239,775	254,299,754
Add : Balance Brought Forward		759,690,163	525,390,409
Less: Capitalized for allotment of fully paid Bonus Shares		65,176,000	—
Profit available for Appropriation		1,030,753,938	779,690,163
Appropriation			
Proposed Dividend		27,539,160	—
Tax on Dividend		4,680,280	—
Transfer to General Reserve		15,000,000	20,000,000
Balance carried to Balance Sheet		983,534,498	759,690,163
		1,030,753,938	779,690,163
Notes to Accounts	20		
Earning Per Share (EPS)			
Basic (Rs.)		22.97	19.51
Diluted (Rs.)		22.97	—

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
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Managing Director

Manju B. Batham
Company Secretary

Place : Mumbai, June 11, 2008

Place : Mumbai, June 11, 2008

Annual Report 2007-2008

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	31st March, 2008		31st March, 2007	
	Rs.	Rs.	Rs.	Rs.
CASHFLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		349,205,278		250,818,988
ADJUSTMENTS:				
Interest Income	(2,806,248)		(480,547)	
Dividend Income	(5,338,266)		—	
Preliminary Expenses Written Off	34,759		—	
Share of profit from Partnership	—		(120,903)	
Exchange fluctuation (Net)	(3,174,238)		9,771,672	
Loss on sale of assets (Net)	2,414,924		485,966	
Currency Translation Reserve	9,495,640		—	
Depreciation	33,125,127		31,316,585	
Bad Debts	1,993,000		—	
Profit on Sale of Subsidiary	(18,061,413)		—	
Interest and Financial Charges	93,325,719		43,773,098	
		111,009,004		84,745,871
Operating Profit before working capital changes		460,214,282		335,564,857
CHANGES IN WORKING CAPITAL				
Trade and other receivables	(788,696,650)		(127,923,478)	
Inventories	(651,917,302)		(210,894,138)	
Trade payables	10,893,288		(232,803,084)	
		(1,429,720,664)		(571,620,700)
Cash used in operation		(969,506,382)		(236,055,843)
Direct taxes		(26,490,379)		(2,124,303)
Net cash used in operating activities (A)		(995,996,761)		(238,180,146)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	1,378,004		378,299	
Investment in subsidiaries	—		—	
Purchase of Investments	(717,154,239)		—	
Sale of Investments	600,000,000		—	
Disposal of Investment in Subsidiary Company net of cash of Rs. 27.34 lacs	7,265,616		—	
Capital withdrawn from Partnership firm	1,980,689		—	
Dividend Income	5,338,266		—	
Preliminary Expenses	—		(5,701,500)	
Goodwill on Acquisition	(79,720,000)		—	
Purchase of fixed assets including CWIP	(55,525,321)		(33,959,595)	
Sale of fixed assets	6,959,869		1,291,716	
		(229,477,116)		(37,991,080)
(B)		(229,477,116)		(37,991,080)

RENAISSANCE JEWELLERY LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008 (Contd.)

	31st March, 2008		31st March, 2007	
	Rs.	Rs.	Rs.	Rs.
CASH FLOW FROM FINANCING ACTIVITIES				
Net Proceeds from Issue of Equity Shares	746,168,078		-	
Interest & Financial Charges	(87,530,083)		(50,266,735)	
Proceeds from short term borrowings (Net)	660,843,927		316,275,741	
(C)		1,319,481,922		266,009,006
NET CASH/CASH EQUIVALENT (A+B+C)		94,008,044		(10,162,220)
Cash & cash Equivalent at beginning	23,123,702		33,285,922	
Cash & cash Equivalent at the end	117,131,746		23,123,702	
		94,008,044		(10,162,220)
Notes:				
1. The cash and cash equivalents in the cash flow statement comprise of the following Balance Sheet amounts :				
		31st March, 2008		31st March, 2007
(a) Cash on hand		316,332		533,220
(b) Balance with Banks		116,934,686		22,793,999
(c) Credit Balance with Scheduled Banks		(119,272)		(203,517)
		117,131,746		23,123,702
2. Previous year's figures have been regrouped/rearranged wherever considered necessary.				

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

Place : Mumbai, June 11, 2008

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Place : Mumbai, June 11, 2008

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

CONSOLIDATED SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

	Year Ended March 31, 2008	Year Ended March 31, 2007
SCHEDULE 1		
CAPITAL		
Authorised		
25,000,000 (Previous Year: 15,000,000) Equity Shares of Rs. 10/- each	250,000,000	150,000,000
	<u>250,000,000</u>	<u>150,000,000</u>
Issued and Subscribed		
18,359,440 (Previous Year: 6,517,600) Equity Shares of Rs. 10/- each fully paid-up	183,594,400	65,176,000
	<u>183,594,400</u>	<u>65,176,000</u>
Note		
(1) Of the above, 749,400 Equity Shares of Rs. 10/- each fully paidup were allotted for consideration other than cash		
(2) Of the above, 11,405,800 (Previous Year : 4,888,200) Equity shares of Rs. 10/- each have been allotted as fully paid-up Bonus Shares by Capitalizing the Profit and Loss Account		
SCHEDULE 2		
RESERVES AND SURPLUS		
General Reserve		
As per last Balance Sheet	34,500,000	14,500,000
Add : Transfer from Profit and Loss Account	15,000,000	20,000,000
	<u>49,500,000</u>	<u>34,500,000</u>
Securities Premium	745,393,600	—
Less : Public Issue Expenses	61,207,767	—
	<u>684,185,833</u>	<u>—</u>
Capital Reserve on Consolidation		
As per last Balance Sheet	7,981,451	7,981,451
Add: Goodwill adjusted on Disposal of Subsidiary	1,713,925	—
	<u>9,695,376</u>	<u>7,981,451</u>
Foreign Currency Translation Reserve	9,495,640	—
Profit and Loss Account Balance (As per accounts attached)	983,534,498	759,690,163
	<u>1,736,411,347</u>	<u>802,171,614</u>
SCHEDULE 3		
SECURED LOANS		
Working Capital borrowings from Banks	1,477,296,262	904,544,566
	<u>1,477,296,262</u>	<u>904,544,566</u>
SCHEDULE 4		
UNSECURED LOANS		
From Others	81,616,753	—
	<u>81,616,753</u>	<u>—</u>

RENAISSANCE JEWELLERY LIMITED

**CONSOLIDATED SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008
(Contd.)**

SCHEDULE 5

FIXED ASSETS

RUPEES

Particulars	GROSS BLOCK						DEPRECIATION				NET BOOK VALUE	
	As at April 1, 2007	Additions	Sales/Adj. during the period	Adjustment on Disposal of Subsidiary	As at Mar 31, 2008	As at April 1, 2007	For the period	Sales/Adj. during the period	Adjustment on Disposal of Subsidiary	Upto Mar 31, 2008	As at Mar 31, 2008	As at March 31, 2007
TANGIBLE ASSETS												
Land	9,517,261	—	—	—	9,517,261	—	—	—	—	—	9,517,261	9,517,261
Building	80,808,805	482,170	—	—	81,290,975	32,467,851	4,834,359	—	—	37,302,210	43,988,765	48,340,954
Leasehold Improvements	—	6,641,035	—	—	6,641,035	—	314,563	—	—	314,563	6,326,472	—
Plant and Machinery	100,658,669	10,829,643	61,013	1,191,928	110,235,371	36,349,404	9,932,784	11,062	1,158,528	45,112,598	65,122,773	64,309,265
Furniture and Fittings	62,201,995	12,880,605	2,426,127	13,972,905	58,683,568	30,775,846	6,367,232	496,652	2,048,119	34,598,307	24,085,261	31,426,149
Electrical Installations	22,529,346	1,428,056	265,754	3,214,858	20,476,790	9,304,295	2,019,073	26,169	492,519	10,804,680	9,672,110	13,225,051
Office Equipment	28,170,893	3,126,729	189,655	2,306,492	28,801,475	11,079,333	2,653,964	98,813	441,691	13,192,793	15,608,682	17,091,560
Computers	24,075,028	3,523,479	464,105	2,454,209	24,680,193	18,683,073	2,661,572	455,306	1,115,204	19,774,135	4,906,058	5,391,955
Vehicles	15,294,572	3,884,037	4,094,488	1,644,543	13,439,578	5,398,030	2,815,914	1,979,043	764,208	5,470,693	7,968,885	9,896,542
INTANGIBLE ASSETS												
Software	—	1,026,359	—	—	1,026,359	—	183,116	—	—	183,116	843,243	—
Goodwill	—	79,720,000	—	—	79,720,000	—	1,342,550	—	—	1,342,550	78,377,450	—
Total	343,256,569	23,542,113	7,501,142	24,784,935	434,512,605	144,057,832	33,125,127	3,067,045	6,020,269	168,095,645	266,416,960	199,198,737
Previous Year	308,486,593	38,035,650	3,265,674	—	343,256,569	114,229,239	31,316,585	1,487,992	—	44,057,832	99,198,737	194,257,354

CONSOLIDATED SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET (Contd.)

	Year Ended March 31, 2008	Year Ended March 31, 2007	
SCHEDULE 6			
INVESTMENTS			
In Mutual Funds			
Unquoted (Non-Trade)			
4,830,756.207 Units (Previous Year: Nil) in ICICI Mutual Fund (Flexible Income Plan)	51,078,001	—	
51,008.702 Units (Previous Year: Nil) in Reliance Mutual Fund (Liquid Plus Fund-Institutional Option)	51,066,668	—	
1,496,243.817 Units (Previous Year: Nil) in HDFC Mutual Fund (CMF – Saving Plus Plan)	15,009,570	—	
Other			
Investment in Partnership Firm-Sumit Diamonds	—	1,980,689	
	117,154,239	1,980,689	
Investments purchased and sold during the year :			
	Face Value (Rs)	Units (In Nos.)	Cost (In Lakhs)
JM Mutual Fund (Money Manager Fund Super Plus)	10	5,031,755.968	503.38
LIC Mutual Fund (Liquid Plus Fund)	10	30,094,609.700	3,009.46
DWS Mutual Fund (Money Plus Fund Institutional Plan)	10	5,029,699.067	503.38
Reliance Mutual Fund (Monthly Interval Fund - Series I)	10	5,001,092.771	500.51
Tata Mutual Fund (Fixed Income Portfolio Fund Scheme A3)	10	5,000,000.000	500.13
DWS Mutual Fund (Credit Opportunities Cash Fund)	10	4,978,161.059	503.65
Principal Mutual Fund (Principal Floating Rate Fund FMP)	10	5,047,297.044	505.35
HDFC Mutual Fund (CMF - Saving Plus Plan)	10	1,496,243.817	150.10
SCHEDULE 7			
INVENTORIES			
(As taken valued and certified by the Management)			
Raw Materials		1,014,773,551	1,059,943,584
Traded Goods		724,886,673	40,652,504
Stores and Spares		18,015,441	19,055,779
		1,757,675,665	1,119,651,867
SCHEDULE 8			
SUNDRY DEBTORS			
(Unsecured, Considered good)			
Debts Outstanding over Six Months		585,250,718	6,028,678
Other Debts		1,176,590,372	977,652,260
— Considered Doubtful		1,993,000	—
		1,763,834,090	983,680,938
Less : Provision for Doubtful Debts and allowances		1,993,000	—
		1,761,841,090	983,680,938

RENAISSANCE JEWELLERY LIMITED

**CONSOLIDATED SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
(Contd.)**

	Year Ended March 31, 2008	Year Ended March 31, 2007
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash on Hand	316,332	533,220
Balances with Banks		
— Scheduled Banks		
— Current Accounts	53,101,117	11,861,669
— Margin Money Account (under lien with Banks)	5,620,000	1,490,000
— Fixed Deposit (under lien with Banks Rs. 13,005,000/- and Rs. 18,000,000/- as collateral security for facilities of subsidiary Company; Previous year Rs.Nil)	57,005,000	9,207,006
— Non-Scheduled Banks		
— Current Accounts		
— The Bank of Nova Scotia (Maximum Balance outstanding during the year Rs. 2,983,886/- Previous year Rs.329,886/-)	83,886	109,886
— Margin Money Account (under lien with Bank)		
— The Bank of Nova Scotia (Maximum Balance outstanding during the year Rs. 8,085,753/-; Previous year Rs.18,703,126/-)	1,124,683	125,438
	<u>117,251,018</u>	<u>23,327,219</u>
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received	40,713,125	30,606,078
Loan Given	35,112,300	—
Sundry Deposits	10,575,230	11,553,955
Taxes Paid (Net of Provision)	654,804	846,431
MAT Credit Entitlement	17,300,000	—
	<u>104,355,459</u>	<u>43,006,464</u>
SCHEDULE 11		
CURRENT LIABILITIES AND PROVISIONS		
LIABILITIES:		
Sundry Creditors	584,738,398	575,154,795
Other Liabilities	33,293,365	23,623,092
Advance from Customers	—	37,431
Credit Balance with Scheduled Banks	119,272	203,517
	<u>618,151,035</u>	<u>599,018,835</u>
PROVISIONS:		
Provision for Retirement Benefit	6,735,755	16,737,637
Proposed Dividend	27,539,160	—
Tax on Dividend	4,680,280	—
	<u>38,955,195</u>	<u>16,737,637</u>

CONSOLIDATED SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

	Year Ended March 31, 2008	Year Ended March 31, 2007
SCHEDULE 12		
SALES		
Jewellery	5,188,351,849	4,437,460,824
Cut and Polished Diamond	768,477,927	—
	<u>5,956,829,776</u>	<u>4,437,460,824</u>
SCHEDULE 13		
OTHER INCOME		
Share of profit from Partnership	—	120,904
Gain on Disposal of Subsidiary (Refer Note 4 of Schedule 20)	18,061,413	—
Discount from Suppliers'	420,272	803,119
Dividend Income (Non-Trade Investment)	5,338,266	—
Interest Received	2,806,248	488,513
Exchange Rate Difference (Net)	—	14,828,885
Miscellaneous Income	469,236	20,657
	<u>27,095,435</u>	<u>16,262,078</u>
SCHEDULE 14		
CONSUMPTION OF MATERIALS		
Opening Stock	1,059,943,584	892,468,351
Add : Purchases	3,964,178,604	3,806,832,647
	<u>5,024,122,188</u>	<u>4,699,300,998</u>
Less : Sale of Materials	2,759,475	1,324,373
Closing Stock	1,014,773,551	1,059,943,584
	<u>4,006,589,162</u>	<u>3,638,033,041</u>
SCHEDULE 15		
COST OF TRADED GOODS		
Opening Stock	19,519,051	138,716
Add : Purchases	1,657,053,183	103,944,939
Octroi/Custom Duty	61,866	2,024,870
	<u>1,676,634,100</u>	<u>106,108,525</u>
Less : Closing Stock	728,603,906	19,519,051
	<u>948,030,194</u>	<u>86,589,474</u>
SCHEDULE 16		
DECRETION/(ACCRETION) TO INVENTORIES		
Opening	21,133,453	—
Less: Closing	9,676,270	21,133,453
	<u>11,457,183</u>	<u>(21,133,453)</u>

RENAISSANCE JEWELLERY LIMITED

CONSOLIDATED SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

	Year Ended March 31, 2008	Year Ended March 31, 2007
SCHEDULE 17		
PERSONNEL COSTS		
Salaries Wages and Bonus	261,632,837	170,116,628
Contribution to Provident Fund And Other Funds	11,650,726	9,648,849
Contribution to ESIC	5,291,456	4,025,367
Workmen and Staff Welfare	18,453,645	14,627,475
	<u>297,028,664</u>	<u>198,418,319</u>
SCHEDULE 18		
MANUFACTURING AND OTHER EXPENSES		
Advertisement and Sales Promotion	4,888,821	5,095,998
Tools, Stores and Spares Consumed	55,836,406	49,464,107
Exchange Rate Difference (Net)	15,763,517	—
Power, Fuel and Water Charges	29,680,161	20,755,838
Jewellery Making Charges	2,136,895	228,510
Repairs and Maintenance		
— Machinery	1,700,390	986,027
— Building	1,352,189	49,584
— Others	10,161,687	8,539,129
Rent, Rates and Taxes	14,686,019	6,794,245
Legal and Professional Charges	5,556,903	3,153,044
Directors' Sitting Fees	445,000	112,500
Sales Commission	13,951,740	54,545,373
Printing and Stationery	4,060,137	2,928,448
Membership and Subscription	2,711,543	1,616,776
Insurance Charges	8,870,736	4,641,800
Travelling and Conveyance	12,850,587	5,480,500
Communication Expenses	4,482,419	2,534,220
Clearing and Transportation Charges	23,518,679	7,295,052
Auditors' Remuneration		
— Audit fees	791,826	157,208
— Tax Audit fees	36,238	43,736
— Taxation and Other matters	20,618	172,118
Loss on sale/discard of Assets (Net)	2,414,923	485,966
Donation	1,214,576	6,601
Provision for Bad Debts	1,006,923	—
Miscellaneous Expenses	26,990,192	18,803,957
	<u>245,129,125</u>	<u>193,890,737</u>
SCHEDULE 19		
INTEREST AND FINANCIAL CHARGES		
Interest Charges	75,305,082	61,960,965
Bank Charges	18,020,637	13,828,246
	<u>93,325,719</u>	<u>75,789,211</u>

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULE 20

1. PRINCIPLES OF CONSOLIDATION

- (A) The financial statements have been prepared to comply in all material aspect with applicable accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- (B) The consolidated financial statements relate to Renaissance Jewellery Limited (“the Company”) and its subsidiaries (“the Group”). The consolidated financial statements have been prepared on the following basis:
- (i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value 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 in accordance with Accounting Standard (AS) 21 –“consolidated Financial Statements” issued by the ICAI.
 - (ii) In case 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 recognized in the foreign currency translation reserve.
 - (iii) The Consolidated Financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s separate financial statements except otherwise stated elsewhere in this schedule.
 - (iv) The Accounting Policies and Notes on Accounts of the Company and all the subsidiaries are set out in their respective financial statements.
 - (v) Disclosure requirement in respect of foreign subsidiary is given to the extent of available information.
2. The consolidated financial statements comprise the financial statements of the company and its subsidiaries as on March 31, 2008, which are as under:

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest
Verigold Fine Jewellery Private Limited	India	100%
Renaissance Retail Venture Private Limited (up to March 06, 2008)	India	100%
Renaissance Jewelry New York Inc.	USA	100%

(Rupees)

3. Contingent Liabilities not provided for in respect of:		As at 31-Mar-08	As at 31-Mar-07
(i)	Guarantees given by Banks on behalf of the Group to third parties	80,000,000	70,000,000
(ii)	Guarantees given to banks	26,000,000	—
(iii)	Penalty levied by the Custom Authorities	311,196	311,196
(iv)	Income Tax demand disputed in appeal :		
	Disputed by the Group	5,654,024	3,146,147
	Disputed by the Department	6,111,413	6,111,413
(v)	Estimated amount of contract remaining to be executed on capital account (Net of advances)	4,684,240	—

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

4. The Group has disposed off investment in its subsidiary, Renaissance Retail Venture Private Limited on March 06, 2008. The net assets value, consideration and gain on disposal of said subsidiary is as follows:

(Rupees)

Particulars	2007-2008
Fixed Assets	18,871,372
Add: Current Assets	63,797,551
Less: Current Liabilities	(2,277,180)
Less: Unsecured Loan	(90,112,300)
Less: Deferred Tax Liabilities	(54,781)
	(9,775,338)
Add: Goodwill adjustment on consolidation	1,713,925
Net assets value as on date of disposal of subsidiary	(8,061,413)
Consideration on disposal	10,000,000
Gain on disposal	18,061,413

5. **Transaction with related party:**

Related party Disclosure as required by Accounting Standard 18 issued by the Institute of Chartered Accountants of India is as under:

(a) **Key Management Personnel:**

- (1) Mr. Niranjan A. Shah
- (2) Mr. Sumit N. Shah
- (3) Mr. Hitesh M. Shah
- (4) Mr. Amit C. Shah
- (5) Mr. Bhupen C. Shah
- (6) Mr. Neville R. Tata
- (7) Mr. Nilesh D. Shah

(b) **Associate Concerns / Companies / Trust under Control of Key Management Personnel and Relatives:**

- 1) N. Kumar Diamonds Exports Limited
- 2) Fancy Jewellery Private Limited
- 3) Sumit Diamonds
- 4) Housefull International Limited
- 5) Anika Jewellery Private Limited
- 6) Renaissance Jewellery Limited – Employee Group Gratuity Trust
- 7) L. J. Creations Pvt. Limited
- 8) Difference Jewelry LLC.
- 9) SKN Diamond Inc.
- 10) Verigold Jewelry Inc.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(c) Details of transactions with related Parties:

(Rupees)

Transaction with related parties	Associated Companies/Concerns	Key Management Personnel
Sales :		
Jewellery	795,127,065	–
	(–)	(–)
Cut & Polished Diamond	720,639,879	–
	(–)	(–)
Purchases:		
Purchase of Materials	53,541,584	–
	(10,781,238)	(–)
Purchase of Assets / CWIP	305,838	–
	(161,728)	(–)
Expenditure:		
Rent Paid	81,000	–
	(–)	(–)
Contribution towards Group Gratuity	16,184,987	–
	(–)	(–)
Remuneration	–	3,688,080
	(–)	(3,688,080)
Miscellaneous Expenses	–	–
	(606,804)	(–)
Unsecured Loan (Net):		
Balance as on March 31, 2008	–	–
	(–)	(3,850,000)
Loan Payable:		
Balance as on March 31, 2008	81,616,738	–
	(–)	(–)
Loan Receivable:		
Balance as on March 31, 2008	513,237	–
	(–)	(609,000)
Sundry Debtors:		
Balance as on March 31, 2008	135,666,996	–
	(–)	(–)
Sundry Creditors:		
Balance as on March 31, 2008	1,379,422	–
	(–)	–

Note: Figures in bracket are pertaining to previous year.

RENAISSANCE JEWELLERY LIMITED

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

6. Segment Reporting:

(A) Primary Segment:

The Group's operations predominantly relate to export of Diamonds and Gold Studded Jewellery. Based on the guiding principle given in the Accounting Standard – 17 “Segment Reporting” issued by the institute of Chartered Accountants of India, the Group's primary segments consists of Diamonds and Gold Studded Jewellery.

The above business segment have been identified considering:

- (i) The nature of the products.
- (ii) The related risks and returns.
- (iii) The internal financial reporting system.

(B) Accounting Policies:

The accounting principles consistently used in preparation of financial statements are also consistently applied to record income and expenditure in individual segments. These are set out in the note on significant accounting policies.

Inter division transfers are made at the cost.

Interest expenses and interest income are reported as unallocated expenses / income. Accordingly assets and liabilities relating to interest income and expenses are reported as in unallocated assets and liabilities respectively.

Segmental assets and liabilities does not include inter segment assets and liabilities

(Rupees)

Sr. No.	Particulars	Diamonds	Jewellery	Total
1.	Revenues			
	Sales	768,477,927	5,188,351,849	5,956,829,776
	Total Revenues	768,477,927	5,188,351,849	5,956,829,776
2.	Results			
	Segmental Results	4,300,478	412,065,368	416,365,846
	Add/Less: Unallocable items			
	Less: Interest	–	–	75,305,082
	Add: Interest Received	–	–	2,806,248
	Add :Dividend Income	–	–	5,338,266
	Operating Profit Before Tax (PBT)	–	–	349,205,278
	Less : Tax Provision	–	–	12,965,503
	Profit After Tax (PAT)	–	–	336,239,775
3.	Segment Assets	143,748,864	3,755,865,688	3,899,614,552
	Unallocated Assets	–	–	236,403,324
	Total Assets	143,748,864	3,755,865,688	4,136,017,876
4.	Segment Liabilities	139,453,984	474,966,976	614,420,960
	Unallocated Liabilities	–	–	1,601,598,286
	Total Liabilities	139,453,984	474,966,976	2,216,019,246
5.	Capital Employed	42,94,880	3,280,898,712	1,919,998,630
6.	Capital Expenditures	–	130,304,608	130,304,608
7.	Depreciation	–	33,125,127	33,125,127

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

(C) Secondary Segment:

As the Group operates significantly in export of the above mentioned products, there is no secondary segment on the basis of geographical location or assets based locations.

(D) In previous year, the Group was having Jewellery Segment only and hence previous year's figure are not given.

7. Earning per share (EPS) is computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India as under:

		2007-2008	2006-2007
Net Profit available for Equity Shareholders	Rs.	336,239,775	254,299,754
No. of Equity Shares	No.	6,517,600	6,517,600
Bonus shares issued during the year	No.	6,517,600	—
Initial Public Offer of Equity Shares during the year	No.	5,324,240	—
Weighted Average No. of Shares after Adjustment of Bonus Shares	No.	14,635,381	13,035,200
Face value of Equity Shares	Rs.	10	10
Earning Per Share	Rs.	22.97	19.51*

* Note : Restated Earning Per Share

8. Previous year's figures are regrouped / rearranged, wherever necessary.

Signatures to Schedules 1 to 20 forming part of the Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008.

As per our Report of even date
For J.K. SHAH & Co.
Chartered Accountants

Sanjay Dhruva
Partner
Membership No.38480

Place : Mumbai, June 11, 2008

For and on behalf of the Board
Renaissance Jewellery Limited

Niranjan A. Shah
Chairman

Hitesh M. Shah
Executive Director

Place : Mumbai, June 11, 2008

Sumit N. Shah
Managing Director

Manju B. Batham
Company Secretary

RENAISSANCE JEWELLERY LIMITED

ECS FORM

Renaissance Jewellery Ltd.

Shareholder's option to receive Dividend Payment through Electronic Clearing Service(ECS)

Folio No(s) :

No. of Shares held :

1. I/ We hereby opt for payment of dividend Under ECS.

2. I/ We give below the necessary particulars

a. Name of the Sole/First Shareholder :

b. Name of the Bank :

c. Name of the Branch :

d. Address of the Branch :

e. Telephone No. of the Branch :

f. Type of Account
(Savings/ Current/ Cash Credit) :

g. Applicable Code No. (10/11/13)
(Saving - 10/ Current- 11/ Cash Credit- 13) :

h. Account Number (As appearing in your Cheque Book) :

i. Ledger & Ledger Folio No. (if any) of your bank account :

j. 9 – Digit Code No. appearing on the clear band area at the Bottom of MICR Cheque issued by Bank (the code number is mentioned on the MICR band next to the cheque number)

(Ensure a photocopy of a blank cheque is enclosed) :

--	--	--	--	--	--	--	--	--

3. I/We hereby declare that the above particulars are complete and correct. I/We also undertake to advise any change in the particulars of my/ our account to facilitate updation of records for payment of dividend. If the transaction is delayed or is not effected at all due to incomplete or incorrect information or for any reason beyond the control of the Company, I/We shall not hold the Company responsible.

Place :

Date :

Signature of the Sole/First named Shareholders

Encl. : A photocopy of the cheque/ a blank cheque duly cancelled.

Note : In case it is not possible to attach a copy of cheque, the following certificate may please be furnished from your Bank:

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

Signature of the Authorised Official of the Bank

PROXY FORMS

Renaissance Jewellery Ltd.

Plot No. 36A & 37, SEEPZ, Andheri (E), Mumbai – 400 096.

I/We.....of.....
in the district of being a member/members
of the above named Company, hereby appoint
of.....in district of or failing him/her
.....of.....In the district of
..... as my/our proxy to attend and vote for me/us and on
my/our behalf at the Annual General Meeting of the Company to be held on Friday, September 5, 2008 at 3.30 p.m. at
..... and at any adjournment thereof
Signed this day of 2007.

Signature/s
Ledger Folio No. DP ID Client ID
No. of Shares held

Affix
Re. 1/- Revenue
Stamp

- Note:
- 1 The proxy need not be a member.
 - 2 The proxy form duly signed across Re. 1/- revenue stamp should reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

ATTENDANCE SLIP

Renaissance Jewellery Ltd.

Plot No. 36A & 37, SEEPZ, Andheri (E), Mumbai – 400 096.

I hereby record my presence at the Nineteenth Annual General Meeting of the Company to be held on Friday,
September 5, 2008 at 3.30 p.m. at

Full name of the Member (in block letters)

Ledger Folio No. DP ID Client ID

Number of Shares held

Signature of Member or proxy attending

Full name of Proxy

(in block letters)

Please give full name of the 1st Joint Holder.

Mr./Mrs./Miss.

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

BOOK-POST

If undelivered please return to:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai - 400 078.