

SHEETAL DIAMONDS LTD.

12th

ANNUAL REPORT

Report  2005-2006 ReportJunction.com

SHEETAL DIAMONDS LTD.

BOARD OF DIRECTORS:

SHRI NIRANJAN P.VYAS
SHRI YAKUB ALI
SHRI RAJA KHAN

Managing Director
Director
Director

AUDITORS:

KAMLESH B.MEHTA & COMPANY
CHARTERED ACCOUNTANTS, MUMBAI

BANKERS:

BANK OF PUNJAB LTD., BANDRA, MUMBAI
THE RATNAKAR BANK LTD.VILE PARLE (W), MUMBAI.

REGISTERED OFFICE:

OFFICE NO. 11-C, GROUND FLOOR,
ANGELINA APARTMENT
SAROJINI ROAD, VILE PARLE(W)
MUMBAI 400 056

SHARE TRANSFER OFFICE:

SHEETAL DIAMONDS LTD.
1ST BHATWADI, J.S.F. ROAD,
OPERA HOUSE,
MUMBAI - 400 004
TEL: 022-2389 3412

SHEETAL DIAMONDS LTD.

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the members of SHEETAL DIAMONDS LTD. will be held on Friday, the 29th day of September, 2006 at 11.30 a.m. at Office No. 11-C, Ground Floor, Angelina Apartment, Sarojini Road, Vile Parle(W), Mumbai - 400 056 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' and Auditors' reports and Audited Balance Sheet as at 31st March, 2006 and Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. Raja Khan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Books shall remain closed from Friday, 22nd September, 2006 to Friday, 29th September, 2006, both days inclusive.
3. Members are required to intimate the change, if any in their registered address.

By order of the Board

Place : Mumbai
Date : 24th August, 2006

Regd. Office:
Office No. 11-C, Ground Floor
Angelina Apartment
Sarojini Road, Vile Parle(W)
Mumbai - 400 056

Sd/-
Niranjan P. Vyas
Managing Director

SHEETAL DIAMONDS LTD.

DIRECTORS' REPORT

To,
The Members,

Your Director have pleasure in presenting the 12th Annual Report and the audited statement of accounts for the year ended 31st March,2006

FINANCIAL RESULTS

	Year ended 31.3.2006	Year ended 31.3.2005
Sales & Other Income	1,15,650	1,05,752
Total Expenditure	1,75,719	1,63,634
Profit / (Loss) before Taxation	(60,069)	(57,882)
Provision for Taxation	—	—
Prior Period Expenses	29,500	—
Profit / (Loss) after taxation	(89,569)	(57,882)
APPROPRIATIONS :		
Interim Dividend	—	—
Proposed Dividend	—	—
Balance carried to Balance Sheet	(89,569)	(57,882)

DIVIDEND :

Your Directors regret their inability to recommended any dividend due loss by the Company.

OPERATION :

During the year under review, your company's sales were Rs. 1.16Lacs compared to Rs. 1.06 Lacs in the previous year.

DIRECTOR :

Mr. Raja Khan, retires by rotation at the Annual General Meeting and being eligible offer himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2AA) of the Companies Act. 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures:
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or loss of the Company for the year under review:

- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

FIXED DEPOSITS :

Your company has not accepted any fixed deposits from public.

ENERGY CONSERVATION :

The information necessary for disclosure of particulars with Research and Development as required 217(1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the report of Board) Rules, 1988 are not applicable as the Technology for processing of diamonds is indigenous.

PERSONNEL :

The relationship with the employees has been cordial. Your Director wish to place on record their appreciation for the devoted services rendered by the employees. There are no employees drawing remuneration exceeding the ceiling prescribed under section 217(2A) of the Companies Act, 1956

AUDITORS :

The Company Auditors M/s. Kamlesh B. Mehta & Co., Chartered Accountants retires at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' REPORT :

As far as the notes by the Auditor in their report are concerned, they are self-explanatory and hence require no further explanation.

ACKNOWLEDGMENT :

Your Directors wish to thank Company's Bankers, and Auditors for the co-operation extended to us.

By order of the Board

Place : Mumbai
Dated : 24th August, 2006.

Sd/-
Niranjan P. Vyas
Managing Director

Sd/-
Yakub Ali
Director

REPORT ON CORPORATE GOVERNANCE

Your Directors submit their report on the Corporate Governance of the Company for the Financial Year 2005-2006.

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

Sheetal Diamonds Limited marks its Corporate Governance with the prevalent practices and it conforms the mandatory requirements.

MANAGEMENT DISCUSSION:

The Polished Diamonds have been facing the stiff competition. During the year under review, the Company has incurred Net Loss of Rs.89,569/- compared to Net Loss of Rs. 57,882/- in the previous year. The Company has only one division, trading in Polished Diamonds.

The Company has in built internal control system and the management considers it sufficient; and is certified by the Statutory Auditors of the Company.

There are no financial or commercial transactions having a potential conflict of interest between personnel in the management and the Company.

BOARD OF DIRECTORS:

The Board of Directors comprises of One Executive Directors and Two Non-executive Directors.

During the financial year 1st April, 2005 to 31st March, 2006, 5 (Five) Board Meetings were held on 30th April, 2005, 27th June 2005, 31st July 2005, 29th October 2005 and 30th January, 2006

The Composition of the Board of Directors and their attendance at the meetings during the year and at the last Annual General Meeting as also number of the other Directorship / Membership of Committees are as follows:

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance of last AGM	No. of Other Directorship	Committee Membership	
					Member	Chairman
Mr. Niranjana P Vyas	ED	5	YES	NIL	NIL	NIL
Mr. Yakub Ali	NED	5	YES	NIL	NIL	NIL
Mr. Raja Khan	NED	5	YES	NIL	NIL	NIL

NED – Non-Executive Director

ED – Executive Director

Brief profile of Director seeking re-election/election:

Mr. Raja Khan is SSC and having the business experience of 10 years in the Diamond and Jewellery industry.

He is not the Director(s) on the Board of other Public Companies nor the trustee of any charitable trust.

Details of Directorship in other public limited Companies:

Name of Director	No. of Directorship	No. of Committee Memberships
Mr. Niranjana P Vyas	NIL	NIL
Mr. Yakub Ali	NIL	NIL
Mr. Raja Khan	NIL	NIL

Promoter Directors:

NIL	NIL
-----	-----

Independent Directors:

Mr. Niranjana P. Vyas	Executive chairman and Shareholder/Investor Grievance Committee.
Mr. Yakub Ali	– Chairman Audit Committee and Member Shareholder/Investor Grievance Committee.
Mr. Raja Khan	– Member Audit Committee

Audit Committee:

The Audit Committee met 5 times in the financial year on 30th April 2005, 27th June 2005, 31st July 2005, 29th October 2005 and 30th January 2006 where all the members of the Committee, Executive Director, and the Statutory Auditors were present. Meetings reviewed the Annual Accounts, half-yearly results and quarterly results and approved the same. The Audit Committee oversees the general accounting practices and other management policies.

Details of Remuneration to the Directors during the period :

Name of the Director	(Amount in Rs.)			
	Salary	Commission	Perquisite	Sitting Fees/
Mr. Niranjana P. Vyas	NIL	NIL	NIL	NIL
Mr. Yakub Ali	NIL	NIL	NIL	NIL
Mr. Raja Khan	NIL	NIL	NIL	NIL

Share Transfer Committee/Investor Grievance Committee:

The Board has constituted the Share Transfer Committee, with the one Executive Directors as members to consider and approve Transfers of shares in the physical form and allied matters. The Shareholder/Investor Grievance Committee has been constituted under the Chairmanship of Mr. Niranjana P. Vyas with Mr. Yakub Ali and Mr. Raja Khan as members.

Shareholders/Investors Service:

Is handled by Mr. Niranjana P. Vyas who provides timely services. There is no case/complaint pending.

Name and Designation of Compliance Officer:

Mr. Niranjana P. Vyas, Managing Director