



18th

ANNUAL REPORT

2011-2012



SHEETAL DIAMONDS LIMITED

BOARD OF DIRECTORS :

SHRI VINOD T. SHAH
SHRI NIRANJAN P.VYAS
SHRI PANKAJ V. SHAH

Managing Director
Director
Director

AUDITORS:

HARDIK H. SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS, MUMBAI

CONSULTANT:

GIRISH MURARKA & CO.
COMPANY SECRETARIES

BANKERS :

VIJAYA BANK, VILE PARLE (W), MUMBAI
AXIS BANK, ANDHERI (W), MUMBAI

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REGISTERED OFFICE:

Office No. 8, 1st Floor
Sitaram Niwas, 1st Bhatwadi,
J.S.S.Road, Opera House
MUMBAI 400 004

SHARE REGISTRAR & TRANSFER AGENT:

PURVA SHAREGISTRY INDIA PRIVATE LIMITED
9, Shiv Shakti Industrial Estate,
J.R Boricha Marg, Opp Kasturba Hospital,
Lower Parel (East), Mumbai – 400 011
Tel: 022 23018261



SHEETAL DIAMONDS LIMITED

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of the members of **SHEETAL DIAMONDS LIMITED** will be held on Friday, the 28th day of September, 2012 at 10.00 a.m. at Office No. 8, First Floor, Sitaram Niwas, 1st Bhatwadi, J.S.S. Road, Opera House, Mumbai – 400 004 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, 2012 and Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. Niranjana P. Vyas who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s Hardik H. Shah & Associate, Chartered Accountants, to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass the following resolution as an Special Resolution with or without modifications

RESOLVED THAT Mr. Pankaj V. Shah, who was appointed as Additional Director by the Board of Directors at its duly convened Board Meeting held on 1st October, 2011 and who holds office upto the date of ensuing Annual General Meeting of the Company in terms of section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing from member u/s 257 of the Act, proposing his candidature for office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT APROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement, pursuant to section 173(2) in respect of Special business to be transacted at the Meeting is annexed herewith.
3. Members are required to intimate the change, if any in their registered address.
4. The Register of Members and Share Transfer Books shall remain closed from Friday, 25th September, 2012 to Friday, 28th September, 2012 both days inclusive.
5. Explanatory statement under section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting is annexed hereto and shall be forming part of the notice. The relevant details in respect of the Directors, seeking re-appointments required to be provided pursuant to Clause 49 of the Listing Agreement are also annexed hereto.

Place : Mumbai
Date : 31th August, 2012
Regd. Office
Office No. 8, First Floor
Sitaram Niwas, 1st Bhatwadi,
J.S.S. Road, Opera House
Mumbai - 400 004

For and on behalf of the board of Directors

Sd/-

Vinod T. Shah
Managing Director



SHEETAL DIAMONDS LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMS PART OF THE NOTICE OF ANNUAL GENERAL MEETING

The following explanatory statement, pursuant to section 173(2) of the Companies Act, 1956, sets out all material facts relating to the business mentioned at item no. 4 of the accompanying notice dated 31st August, 2012.

Item No. 4 :

Mr. Pankaj V. Shah is B.com and has immense experience in business and marketing. He was appointed as Additional Director by Board of Director at its meeting held on 1st October, 2011.

Under section 261 of the Companies Act, 1956, Mr. Pankaj V. Shah ceases to hold office at this Annual General Meeting and is eligible for appointment. The Notice under section 257 of the Companies Act, 1956 has been received from a members signifying his intention to propose his appointment as a Director. The Board of Directors feels that his experience and knowledge would be benefit and value to the Company and therefore his appointment is recommended .

Apart from Mr. Pankaj V. Shah, no other director is interested or concerned in this item of the business.

For and on behalf of the board of Directors

Sd/-

Vinod T. Shah
Managing Director

Date : 31st August, 2012

Regd. Office:

Office No. 8, First Floor
Sitaram Niwas, 1st Bhatwadi,
J.S.S. Road, Opera House
Mumbai - 400 004



SHEETAL DIAMONDS LIMITED

Details in respect of the Directors, seeking re-appointments / appointment required to be provided pursuant to Clause 49 of the Listing Agreement are also annexed hereto

Sr. No.	Particulars	
1)	Name of the Director	Mr. Niranjan P. Vyas
2)	Date of Birth	16.09.1950
3)	Date of Appointment	18.01.2001
4)	Expertise in specific areas	Business & Marketing
5)	Qualifications	S.S.C.
6)	Number of Shares held in Sheetal Diamonds	Nil
7)	Directorship in other Companies	Nil
8)	Membership of Committees in other Public Limited Companies:	Nil

Sr. No.	Particulars	
1)	Name of the Director	Mr. Pankaj V. Shah
2)	Date of Birth	12.08.1964
3)	Date of Appointment	01.10.2011
4)	Expertise in specific areas	Business & Marketing
5)	Qualifications	S.Y.B.com
6)	Number of Shares held in Sheetal Diamonds	Nil
7)	Directorship in other Companies	Nil
8)	Membership of Committees in other Public Limited Companies:	Nil



SHEETAL DIAMONDS LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Director has pleasure in presenting the 18th Annual Report and the audited statement of accounts for the year ended 31st March, 2012

FINANCIAL RESULTS	Amount in Rs.	
	Year ended 31.3.2012	Year ended 31.3.2011
Sales & Other Income	1,37,61,910	69,64,055
Total Expenditure	1,36,05,763	69,27,703
Profit / (Loss) before Taxation	1,56,147	36,353
Provision for Taxation	54,000	9,500
Prior Period Expenses	--	8194
Profit / (Loss) after taxation	1,02,147	18,659
APPROPRIATIONS:		
Interim Dividend	--	--
Proposed Dividend	--	--
Balance carried to Balance Sheet	1,02,147	18,659

DIVIDEND:

In view of strengthening the reserves of the Company, your Directors regret their inability to recommend any dividend during the year under review.

OPERATION:

During the year under review, your company's sales were Rs. 127.38 Lacs compared to Rs. 69.64 Lacs in the previous year.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Mr. Niranjana P. Vyas is liable to retire by rotation and being eligible offers himself for re-appointment. Further during the year, Mr. Ajay M. Parekh, resigned from the Board of Director with effect from 11th November, 2011.

Mr. Pankaj V. Shah is S.Y.B.com and has immense experience in business and marketing. He was appointed as Additional Director by Board of Director at its meeting held on 1st October, 2011. Under section 261 of the Companies Act, 1956, Mr. Pankaj V. Shah ceases to hold office at this Annual General Meeting and is eligible for appointment. The Notice under section 257 of the Companies Act, 1956 has been received from a members signifying his intention to propose his appointment as a Director. The Board of Directors feels that his experience and knowledge would be benefit and value to the Company and therefore his appointment is recommended.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT :

The report on Corporate Governance including Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement with Stock Exchange, forms part of the Annual Report is annexed.



SHEETAL DIAMONDS LIMITED

A certificate of the auditors of the Company, Hardik H. Shah & Associates., Chartered Accountants, confirming compliance of the conditions of corporate governance as stipulated in Clause 49 is annexed.

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 2012, 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 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, 2012 on a 'going concern' basis.

FIXED DEPOSITS:

Your company has not accepted any fixed deposits from public.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO

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.

Foreign Exchange earned : Rs. 3,51,047/- (Previous year. Rs. 8,66,340/-)

Foreign Exchange used : Rs. 1,87,057/- (Previous year. NIL)

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 existing Auditor M/s M/s Hardik H. Shah & Associates. Chartered Accountants, retires at the conclusion of ensuing Annual General Meeting and have expressed their willingness to continue as Statutory Auditor of the Company for the financial year 2012-13. The relevant certificate to that effect that their appointment, if made, will be in pursuant to section 224(1B) of the Companies Act, 1956 has been received. The resolution for their re-appointment is being submitted to this Annual General Meeting.

ACKNOWLEDGMENT:

Your Directors wish to thanks Company's Bankers for the co-operation extended to us.

For and on behalf of the board of Directors

Sd/-

Vinod T. Shah
Managing Director

Place : Mumbai
Date : 31st August, 2012



SHEETAL DIAMONDS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT – 2012

Pursuant to Clause 49 of the Listing Agreement a Report on Management Discussion and Analysis is given below:

a) Industry Structure & Development and Challenges:

The trade of designer jewellery in retail is on increasing trend all over the world. Jewellery is one commodity of saving as well as exhibition of wealth for the Indian ladies. The company is in the line of online trading of designer jewellery. The demand of the same is substantial increased in the recent years. The management expect the business growth in every year.

b) Outlook, Opportunities, Threats and Risks:

The industry is showing healthy signs of growth. As per capital income in India is substantial increased, the demand of jewellery amongst the young generation is also on rise. This will help the company in developing business opportunities. The management dose not see any risk or threat as raw material is valuable commodities. The company also planning to expand the horizon of business by investing substantial fund out of internal accrual.

c) Segment-wise Performance :

The company has currently one major activities of online trading of designer Gold & Diamond jewellery. However, to hedge the gold price the company also buys.

d) Internal Control System & Their Adequacy

The company has adequate internal control system commensurate with the size. The committee reviews the implementation of management policies to ensure that transaction has been accurately recorded and promptly reported.

e) Human Resources & Industrial Relation:

The company considers human resources as one of the vital and important factors for sustained growth. The human resources strategy is to attract talent in the industry, develop and upgrade their skill and competence on the job and ensure employee satisfaction through reward, appreciation and development of environment based on culture and values nurtured by the Group over the years.

f) Trading Status On the stock exchange:

The company's equity shares are Listed and traded on Bombay Stock Exchange Limited.

g) Whistle Blower Policy:

The company dose not have any Whistle Blower policy as of now but no personnel are being denied any access to the audit committee.

h) Cautionary Statement:

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation or predication may be "forward-looking" statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

For and on behalf of the board of Directors

Sd/-

Vinod T. Shah
Managing Director

Place : Mumbai

Date : 31st August, 2012



SHEETAL DIAMONDS LIMITED

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a Report on Corporate Governance is given below:

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE:

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

BOARD OF DIRECTORS:

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

During the financial year 1st April, 2011 to 31st March, 2012, 7(Seven) Board Meetings were held on 12th May 2011, 01st July 2011, 30th July 2011, 01st October 2011, 11th November 2011, 14th November 2011, 14th February 2012.

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. Vinod T. Shah	MD	7	YES	NIL	NIL	NIL
Mr. Niranjan P Vyas	IND - NED	7	YES	NIL	NIL	NIL
Mr. Ajay M. Parekh	IND – NED	4	N A	NIL	NIL	NIL
Mr. Pankaj V. Shah	IND – NED	3	N A	NIL	NIL	NIL

MD – Managing Director

IND – Independent

NED – Non-Executive Director ED – Executive Director

Board's Functioning & Procedure

The Company holds a minimum of four Board Meetings in a year, one each per quarter. Additional Board Meetings are convened as and when necessary to address the specific needs of the Company. The Board also approves urgent matters by passing resolutions by circulations. The Meetings of the Board are held at the Company's registered office or at a hall in South Mumbai depending on the circumstances.

Agenda papers are circulated to the directors in advance and all material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the Meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting. In special and exceptional circumstances, additional or supplementary items on Agenda are permitted.

The information as required under Annexure I to Clause 49 of the Listing Agreement is made available to the Board in every meeting.

Audit Committee:

The Audit Committee met 5 times in the financial year on 12th May 2011, 01st July 2011, 30th July 2011, 11th November 2011, 14th February 2012. 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.

Mr. Vinod T. Shah	Managing Director
Mr. Niranjan P. Vyas	Independent – Non Executive Director
Mr. Ajay M. Parekh	Independent – Non Executive Director
Mr. Pankaj V. Shah	Independent – Non Executive Director

Details of attendance at the meetings of Audit Committee:

Name of the members	No. of meetings held	No. of meetings attended
Mr. Vinod T. Shah	5	5
Mr. Niranjan P. Vyas	5	5
Mr. Ajay M. Parekh	3	3
Mr. Pankaj V. Shah	2	2

Terms of Reference

The role and terms of reference of this Committee are wide enough to cover the matters specified for the Audit Committee under Clause 49 of the listing agreement as well as in Section 292 A of the Companies Act, 1956 and are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To review with Management the financial statements at the end of a quarter, half year and the annual financial statements before submission to the Board for approval, focusing particularly on:
 - matters required to be included in the Director's Responsibility Statement which form part of the Board's reporting in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - changes, if any, in accounting policies and practices and reasons for the same;
 - major accounting entries involving estimates based on the exercise of judgment by management;
 - significant adjustments made in the financial statements arising out of audit findings;
 - compliance with listing and other legal requirements relating to financial statements;
 - disclosure of any related party transactions; and
 - qualifications in the draft audit report