



SHEETAL DIAMONDS LIMITED

16th

ANNUAL REPORT

2009-2010



SHEETAL DIAMONDS LIMITED

BOARD OF DIRECTORS :

SHRI VINOD T. SHAH
SHRI NIRANJAN P.VYAS
SHRI AJAY M. PAREKH

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,
VIJAYA BANK, VILE PARLE (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 SHAREREGISTRY 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 16th Annual General Meeting of the members of **SHEETAL DIAMONDS LIMITED** will be held on Thursday, the 30th day of September, 2010 at 11.00 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, 2010 and Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr Vinod T Shah 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.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Ajay M.parekh who was appointed as an additional director of the Company by the Board of Directors of the Company pursuant to section 260 of the Companies Act, 1956 and who holds office of the director until the date of the ensuing annual general meeting and in the respect of whom the company has received a notice in writing together with requisite deposit under section 257 of the companies Act, 1956 from member expressing his intention to propose his as candidate for the office of director, be and is hereby appointed as director of the Company liable for retirement by rotation".



SHEETAL DIAMONDS LIMITED

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 Tuesday, 22nd September, 2010 to Wednesday, 30th September, 2010 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.

For and on behalf of the board of Directors

Sd/-
Managing Director

Place : Mumbai
Date : 4th September, 2010

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



SHEETAL DIAMONDS LIMITED

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

Item 4

Mr. Ajaya M.parekh was appointed as an additional director of the Company by the Board of Directors on 4th December, 2009 pursuant to section 260 of the Companies Act, 1956 and he holds office of the director until the date of the ensuing annual general meeting and in the respect of whom the company has received a notice in writing together with requisite deposit under section 257 of the companies Act, 1956 from member expressing his intention to propose his as candidate for the office of director.

The board of directors recommends the appointment of Mr Ajay M Parekh as director of the Company liable to retire by rotation.

None of the directors of the Company is concerned or interested in the resolution except Mr A jay M Parekh.

The Board commends the resolution at item no 4

For and on behalf of the board of Directors

Sd/-
Managing Director

Date : 4th September, 2010

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 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. Vinod T Shah | Mr Ajay M. Parekh |
| 2) | Date of Birth | 25.04.1954 | 08.05.1967 |
| 3) | Date of Appointment | 10/01/2007 | 4/12/2009 |
| 4) | Expertise in specific areas | Managing the business | Business |
| 5) | Qualifications | SSC | Diploma in Civil Engineer |
| 6) | Number of Shares held in Sheetal Diamonds | 1,71,000 Equity shares | Nil |
| 7) | Directorship in other Companies | Nil | Nil |
| 8) | Membership of Committees in other Public Limited Companies: | Nil | Nil |



SHEETAL DIAMONDS LIMITED

DIRECTORS' REPORT

To,

The Members,

Your Director has pleasure in presenting the 16th Annual Report and the audited statement of accounts for the year ended 31st March, 2010

| FINANCIAL RESULTS | Year ended | Year ended |
|----------------------------------|------------|------------|
| | 31.3.2010 | 31.3.2009 |
| Sales & Other Income | 37,12,507 | 82,57,668 |
| Total Expenditure | 37,37,523 | 83,60,661 |
| Profit / (Loss) before Taxation | 25,016 | (1,02,995) |
| Provision for Taxation | -- | -- |
| Prior Period Expenses | -- | -- |
| Profit / (Loss) after taxation | 25,016 | (1,02,995) |
| APPROPRIATIONS: | | |
| Interim Dividend | --- | --- |
| Proposed Dividend | --- | --- |
| Balance carried to Balance Sheet | 25,016 | (1,02,995) |

DIVIDEND:

In view of the carried forward loss during the year, 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. 37.12 Lacs compared to Rs. 82.58 Lacs in the previous year.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Mr. Mr Vinod T Shah is liable to retire by rotation and being eligible offers himself for re-appointment. Mr Rashmikant H Shah resigned as director of the Company. The directors have placed on record the appreciation of services rendered by him during his association with company.

Mr. Ajaya M.parekh was appointed as an additional director of the Company by the Board of Directors on 4th December, 2009 pursuant to section 260 of the Companies Act, 1956 and he holds office of the director until the date of the ensuing annual general meeting. *The necessary resolution for his appointment is proposed in the notice convening the ensuing annual general meeting.*

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, Kamlesh B Mehta & Co., 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 2010, 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, 2010 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 : Nil

Foreign Exchange used : 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.



SHEETAL DIAMONDS LIMITED

AUDITORS:

The Company Auditors M/s. Kamlesh B. Mehta & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The members are requested to consider reappointing them auditors and to fix their remuneration.

ACKNOWLEDGMENT:

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

For and on behalf of the board of Directors

Sd/-

Place : Mumbai

Dated : 4th September, 2010.

Managing Director



SHEETAL DIAMONDS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT – 2010

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 of 20% every year.

b) **Outlook, Opportunities, Threats and Risks:**

The industry is showing healthy signs of growth. As per capita 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 under suspension for trading purpose 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.



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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/-

Place:- Mumbai

Date:- 4th September, 2010

Managing Director



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, 2009 to 31st March, 2010, 5(Five) Board Meetings were held on 30th April 2009, 30th July 2009, 10th August 2009, 29th Oct 2009, 28th January 2010.

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 | 5 | YES | NIL | NIL | NIL |
| Mr.Niranjan P Vyas | Chairman – IND - NED | 5 | YES | NIL | NIL | NIL |
| Mr. Rashmikant Shah (upto.15.12.2009) | IND-NED | NIL | NIL | NIL | NIL | NIL |
| Mr.Ajay M.Parekh(effective 4/12/2009.) | IND – NED | 1 | N A | NIL | NIL | NIL |

IND – Independent

MD – Managing Director

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.



SHEETAL DIAMONDS LIMITED

Audit Committee:

The Audit Committee met 5 times in the financial year on 30th April 2009, 30th July 2009, 10th August 2009, 29rd Oct 2009, 28st January 2010. 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. Niranjan P. Vyas | Chairman – Independent – Non Executive Director |
| Mr. Vinod T. Shah | Managing Director |
| Mr. Rashmikant Shah (upto.15.12.2009) | NIL |
| Mr. Ajay M.Parekh (effective 4/12/2009) | 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. Niranjan P. Vyas | 5 | 5 |
| Mr. Vinod T. Shah | 5 | 5 |
| Mr. Rashmikant Shah (upto.15.12.2009) | 5 | Nil |
| Mr. Ajay M.Parekh (effective 4/12/2009) | 1 | 1 |

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:

- a) 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;
- b) 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:
 - (i) 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;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgment by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions; and
 - (vii) qualifications in the draft audit report.
- c) to consider the appointment or re-appointment of the statutory auditors, the audit fee, any questions of resignation or dismissal and payment to statutory auditors for any other services rendered by them;
- d) to discuss with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any area of concern (in absence of management, wherever necessary);



SHEETAL DIAMONDS LIMITED

- e) reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems and discuss the same periodically with the statutory auditors, prior to the Board making its statement thereon;
- f) 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;
- g) discussion with internal auditors on any significant findings and follow up thereon.
- h) reviewing the findings of any internal investigation by the internal auditors into 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;
- i) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- j) to review the functioning of the Whistle Blower Mechanism, in case the same is existing;
- k) to review the external auditors' audit reports and presentations and management's response thereto;
- l) to ensure co-ordination between the internal and external auditors, and to request internal audit to undertake specific audit projects, having informed management of their intentions;
- m) to consider any material breaches or exposure to breaches of regulatory requirements or of ethical codes of practice to which the Company subscribes, or of any related codes, policies and procedures, which could have a material effect on the financial position or contingent liabilities of the Company;
- n) to review policies and procedures with respect to directors' and officers' expense accounts, including their use of corporate assets, and consider the results of any review of these areas by the internal auditors or the external auditors;
- o) to consider other topics, as defined by the Board;
- p) to review the following information :
 - i) Management discussion and analysis of financial condition and results of operations;
 - ii) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii) Management letter/letters of internal control weaknesses issued by the statutory auditors;
 - iv) Internal audit reports relating control weaknesses; and
 - v) The appointment, removal and terms of remuneration of the Internal Auditor.

Details of Sitting fees paid during the year

| Name | Amount |
|----------------------|-----------|
| Mr. Niranjan P. Vyas | Rs 6000/ |
| Mr. Ajay M.Parekh | Rs. 1500/ |



SHEETAL DIAMONDS LIMITED

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. Niranjan P. Vyas with Mr. Vinod T. Shah and Mr. Ajay M Parekh till date.

| | |
|--|---|
| Mr. Niranjan P. Vyas | Chairman – Independent – Non Executive Director |
| Mr. Vinod T. Shah | Managing Director |
| Mr. Rashmikant Shah (upto.15.12.2009) | Independent Non Executive Director |
| Mr. Ajay M.Parekh | Independent – Non Executive Director |

Details of attendance at the meetings of Investor Grievance Committee:

| Name of the members | No. of meetings held | No. of meetings attended |
|--|----------------------|-----------------------------|
| Mr. Niranjan P. Vyas | 5 | 5 |
| Mr. Vinod T. Shah | 5 | 5 |
| Mr. Rashmikant Shah (upto.15.12.2009) | 5 | Nil |
| Mr. Ajay M.Parekh (effective 4/12/2009) | 1 | 1 |

Name and Designation of Compliance Officer:

Mr. Vinod T. Shah - Managing Director

GENERAL BODY MEETINGS:

| Financial Year | Date | Venue |
|---|------------|---|
| 1 st April, 2005 to 31 st March, 2007 | 29-09-2007 | 11-C,Ground Floor, Angelina Apartment, Sarojini Road, Vile-Parle (West), Mumbai - 400 056 |
| 1 st April, 2006 to 31 st March, 2008 | 25-9-2008 | Office No. 114, First Floor, Siddhi Vinayak Apartment, Azad Road, Vile Parle (E) Mumbai - 400 057 |
| 1 st April, 2007 to 31 st March, 2009 | 30-03-2009 | Office No. 8, First Floor, Sitaram Niwas,1 st Bhatwadi,j.s.s.Road,Opera House,Mumbai-400 004 |

DISCLOSURES:

There are no materially significant related party transactions. There are other related party commercial transactions, which are reported in the accounting part of this report.

MEANS OF COMMUNICATION:

Quarterly, half – yearly and annual results have been communicated to Bombay Stock Exchange Limited where the shares of the Company's is listed. Annual Reports are dispatched to all the shareholders. No presentation to institutional investors or analysts was made during the year. Management discussion and Analysis is part of the Annual Report.



SHEETAL DIAMONDS LIMITED

SHAREHOLDER INFORMATION:

- i) **Annual General Meeting :**
Day, Date, Time and Venue

Thursday, 30th September, 2010 at 11.00 A. M.
Office No. 8, First Floor, Sitaram Niwas, 1st
Bhatwadi, J.S.S. Road, Opera House,
Mumbai – 400 004

ii)

Financial Calendar : 2010-2011
First Quarter Results : 14th August, 2010
Second Quarter/Half Yearly Results : 14th November, 2010
Third Quarter Results : 14th February, 2011

- iii) Date of Book Closure : 22 /09 /2010 to 30 /09/2010
both days inclusive

iv) Listing in Stock Exchanges Bombay Stock Exchange Limited

v) Stock Code 530525

vi) Demat ISIN numbers in NSDL & CDSL for equity shares :

vii) **Stock Price Performance at Bombay Stock Exchange Ltd., Mumbai:**

The trading of equity shares of the Company has been suspended by Bombay Stock Exchange Ltd., Mumbai the necessary steps have been taken for revocation of suspension by the Company.

viii) . Share Transfer Systems: The company has appointed M/s. Purva Sharegistry India P. Ltd, Share Registrar & Transfer Agent, 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower parcel (E) Mumbai-400 011, Transfers of physical shares are effected In house after approval by the Share Transfer Committee.

ix). Distributions of Share Holdings as on 31-03-2010

Categories of Shareholders as on March 31, 2010

| Category | No. of Shares held | % of Shareholding |
|-----------------------------------|--------------------|-------------------|
| Promoters | 8,44,000 | 16.88 |
| Banks Financial Institutions, MFs | 31,600 | 00.63 |
| Others | 41,24,400 | 82.49 |

x) Dematerialization of Shares - The Shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited. As on 31.03.2010, a total of 108300 equity shares of the Company, forming 2.17% of the share capital of the Company, stand dematerialized (NSDL –7700 CDSL -100600).

xi) Outstanding GDR/ADR/warrants - Nil

xii) The Company has no Plants.



SHEETAL DIAMONDS LIMITED

XIII). Address of Correspondence:

Shareholder Correspondence in relation to Transfer of Shares queries should be addressed to:
Office No. 8, First Floor, Sitaram Niwas, 1st Bhatwadi, J.S.S. Road, Opera House, Mumbai – 400 004.

xiv) Compliance Certificate from Auditors of the Company – published elsewhere in this report.

xv) Compliance with other mandatory requirements.



SHEETAL DIAMONDS LIMITED

1. Management Discussion and Analysis

Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(iv)(F) of the Listing Agreement is attached.

2. Disclosures

2.1 Related party Transactions

The details of all transactions with related parties are placed before the audit committee.

2.2 Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

3. Code of Conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company. The same has also been posted on the website of the Company. All board members have affirmed their compliance with code. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

4. CEO/CFO certification

A Certificate from Managing Director on the financial statements of the Company was placed before the Board.

5. Review of Directors' Responsibility statement

The Board in its report have confirmed that the annual accounts for the year ended 31st March, 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

NON-MANDATORY REQUIREMENTS

- | | |
|---|---|
| a) Any qualification in Auditors Report | NIL |
| b) Remuneration Committee | Remuneration Committee has been not been constituted. |
| c) Shareholder Rights The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders | The Company's Quarterly results are published in English and Marathi newspapers having wide circulation. In view of the above, the half yearly declaration of financial performance including summary of the significant events in the last six months are not sent. The audited Results for the financial year are communicated to the Shareholders through the Annual Report. |

The Board would review implementation of non-mandatory requirements of Corporate Governance code regarding Tenure of independent directors on the board, Training of Board Members, Mechanism for evaluating non-executive board members and Whistle Blower Policy at appropriate time.



SHEETAL DIAMONDS LIMITED

Declaration on compliance with code of conduct

The Board has formulated a code of conduct for the Board members and senior management of the Company, which has been posted on the web site of the Company.

It is hereby affirmed that all the Directors and Senior management personnel have complied with the code of conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management.

On behalf of the Board of Directors

Sd/-

Managing Director

Place : Mumbai

Date : 4th September , 2010



SHEETAL DIAMONDS LIMITED

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members
Sheetal Diamonds Limited

We have examined the compliance conditions of Corporate Governance by M/s Sheetal Diamonds Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the Said Company with Bombay Stock Exchange Limited

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, We have to state the based on the report by the Registrars of the Company to the Investor Grievance Committee as on 31st March, 2010, there were no investor grievance matters against the Company remaining unattended/pending for more than 30 days.

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

Place : Mumbai
Date : 4th September, 2010

For And on Behalf Of
KAMLESH B.MEHTA & CO.
Chartered Accountants
Sd/-
Kamlesh B. Mehta
(Proprietor)
Member Ship No.36323



SHEETAL DIAMONDS LIMITED

AUDITORS' REPORT

To the Members

SHEETAL DIAMONDS LIMITED

We have audited the attached Balance Sheet of SHEETAL DIAMONDS LIMITED as at 31st March, 2010 and also the Profit & Loss Account 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.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating to the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order, (Amendment) 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 explanations given to us, the said accounts read with Other Notes 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, 2010; and
 - ii. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For And on Behalf Of
KAMLESH B.MEHTA & CO.
Chartered Accountants

Sd/-

Kamlesh B.Mehta
(Proprietor) Member Ship No.36323

Place : Mumbai
Date : 4th September, 2010



SHEETAL DIAMONDS LIMITED

ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 1 of is our Report of even date of SHEETAL DIAMONDS LIMITED as at 31st March, 2010.

1. (a) The Company has maintained proper records showing full particulars including quantitative details of Fixed Assets and situation of fixed assets.

(b) The company has physically verified Fixed Assets at reasonable intervals and no material discrepancies were noticed on such verification.

(c) None of the Fixed Assets have been disposed off during the year.
2. (a) The Inventory has been physically verified by the management at reasonable intervals during the year.

(b) The procedure of physical verification of Inventory followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.

(c) The Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stock and the book records were not material and the same have been properly dealt with in the books of accounts.
3. The company has not taken / granted unsecured loans, to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4 (iii) (b) to (d) of the Order are not applicable.
4. In our opinion, and according to explanation given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories, fixed assets and for the sale of goods. There is no continuing failure to correct weakness in internal control.
5. According to the information and explanations given to us, we are of the opinion that there are no transactions that need be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly provisions of clause 4(v) (b) of the Order are not applicable.
6. According to the information and explanation given to us, during the year under review, the company has not accepted any Deposits from the public and hence provisions of section 58A and 58AA of the Companies Act, 1956 and Rules framed there under are not applicable.
7. The Company has no internal audit system.



SHEETAL DIAMONDS LIMITED

8. We have been informed that the maintenance of cost records has not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 for any of the products of the company.
9. a) According to the information and explanations to us, the Company is not having any employee on whom statutory liabilities including Provident Fund, E.S.I.C. is applicable. Other statutory liabilities i.e. VAT, wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other applicable statutory dues wherever applicable are deposited with appropriate authorities . There are no arrears of statutory dues as at 31st March, 2010 except Income Tax which are outstanding for a period of more than six month from the date they became payable.
- b)As per information given to us there is disputed demand pending for payment in respect of Income Tax including present status for the same before Appellate authority is as per table given here under

INCOME TAX – ASSESSEES POSITION AS ON 31ST MARCH, 2010

| ASSESSMENT YEAR | TAX | INTEREST | PENALITY | REMARK |
|-----------------|-------------|-------------|-------------|---------|
| 1996-1997 | 10952070.00 | 18036750.00 | 9256921.00 | ITAT |
| 1997-1998 | 4374905.00 | 6262520.00 | 4384903.00 | ITAT |
| 1998-1999 | 2357929.00 | 2823482.00 | 7065684.00 | ITAT |
| 2001-2002 | - | - | 1369656.00 | CIT (A) |
| | 17684904.00 | 27122752.00 | 22077164.00 | |

10. The Clause of accumulated losses etc is not applicable to the company.
11. We have observed that the company has not defaulted in repayment of Dues to Bank, since no loan has been obtained from any Bank by the Company.
12. Company has not granted loans & Advances on the basis of security etc. hence no discrepancies thereof arise.
13. The Provisions of Nidhi / Mutual benefit Fund/ Society etc. are not applicable to the Company.
14. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the company.
15. Company has not given any Guarantee for loans taken by others and hence other provision are not applicable.
16. Company has not obtained any term loan during the year from Banks / F.I. and hence application of loan, for specific purpose clause is not applicable.



SHEETAL DIAMONDS LIMITED

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the, we report that no funds raised on short term basis have been used for long term investment by the Company.
18. No preferential Allotment of shares etc. has been made by the Company; hence other clauses are not applicable.
19. No Debentures are issued by the Company.
20. There was no raising of money by Public issue.
21. In accordance with the information and explanations given to us and, on our examination of books and records, no frauds on or by the company has been noticed or reported during the year.

For KAMLESHB. MEHTA & CO.
CHARTERED ACCOUNTANTS

Place : Mumbai
Date : 4th September, 2010

Sd/-
Kamlesh B.Mehta
(Proprietor)

Member Ship No.36323

SHEETAL DIAMONDS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

| I SOURCES OF FUND | | SCHEDULE | Amount in Rs. | |
|---|-------------------------------|-----------------|----------------------|-------------------|
| | | | 31.03.2010 | 31.03.2009 |
| | Share Capital | 1 | 50,000,000 | 50,000,000 |
| | Reserve & Surplus | 2 | 11,535,390 | 11,510,374 |
| | | | 61,535,390 | 61,510,374 |
| II APPLICATION OF FUNDS | | | | |
| 1 FIXED ASSETS : | | 3 | | |
| | Gross Block | | 481,552 | 481,552 |
| | Less : Depreciation upto date | | 437,491 | 422,530 |
| | Net Block | | 44,061 | 59,022 |
| 2 INVESTMENTS | | 4 | 40,705,000 | 40,705,000 |
| 3 CURRENT ASSETS, LOANS & ADVANCES | | 5 | | |
| a | Inventory | | 1,449,768 | 149,820 |
| b | Sundry Debtors | | 8,361,062 | 8,557,975 |
| c | Cash and Bank Balance | | 63,318 | 60,114 |
| d | Loan and Advances | | 13,480,810 | 13,480,810 |
| | | | 23,354,958 | 22,248,719 |
| 4 LESS CURRENT LIABILITIES & PROVISION | | 6 | 2,872,557 | 1,840,065 |
| Net Current Assets | | | 20,482,401 | 20,408,654 |
| 5 MISCELLANEOUS EXPENDITURE | | 7 | 303,928 | 337,698 |
| (to the extent not written off or adjusted) | | | | |
| | | | 61,535,390 | 61,510,374 |

The Statement of significant accounting policies and the schedules referred to above form an integral part of this Balance Sheet.

Notes to the accounts : 12
As per the Report of even date

For and on behalf of the board of Directors

For KAMLESH B. MEHTA & COMPANY
Chartered Accountants

Sd/-
KAMLESH B. MEHTA
Proprietor

Sd/-
Managing Director

Sd/-
Director

Place : Mumbai
Date : 4th September, 2010

Place : Mumbai
Date : 4th September, 2010



SHEETAL DIAMONDS LIMITED

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2010

| <u>I. INCOME</u> | <u>SCHEDULE</u> | <u>31.3.2010</u> | <u>31.3.2009</u> |
|---|-----------------|------------------|------------------|
| Sales | 8 | 3,712,507 | 8,257,668 |
| Increase / (Decrease) Stock | 9 | 1,299,948 | 110,991 |
| | | <u>5,012,455</u> | <u>8,368,659</u> |
| <u>II. EXPENDITURES</u> | | | |
| Material consumed & Purchase | 10 | 4,314,972 | 8,003,147 |
| Operating & Establishment Cost | 11 | 623,735 | 424,427 |
| Preliminary & Preoperative Expenses | | 33,770 | 37,522 |
| Depreciation | | 14,962 | 6,558 |
| | | <u>4,987,439</u> | <u>8,471,654</u> |
| PROFIT / (LOSS) BEFORE TAXATION | | 25,016 | (102,995) |
| Provision for Taxation | | - | - |
| Prior Period Expenses | | - | - |
| PROFIT / (LOSS) AFTER TAXATION | | 25,016 | (102,995) |
| Available for appropriation | | | |
| Interim Dividend | | | |
| Proposed Dividend | | | |
| PROFIT / (LOSS) CARRIED TO BALANCE SHEET | | <u>25,016</u> | <u>(102,995)</u> |

NOTES TO THE ACCOUNTS 12

The Statement of significant accounting policies and the schedules referred to above form an part of this Profit and Loss Account.

As per the Report of even date

For **KAMLESH B. MEHTA & COMPANY**
Chartered Accountants
Sd/-
KAMLESH B. MEHTA
Proprietor
Member Ship No.36323

For and on behalf of the board of Directors

Sd/-
Managing Director

Sd/-
Director

Place : Mumbai
Date : 4th September, 2010

Place : Mumbai
Date : 4th September, 2010



SHEETAL DIAMONDS LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

| | <u>31.03.2010</u> | <u>31.03.2009</u> |
|--|-------------------|-------------------|
| 1 SHARE CAPITAL | | |
| Authorised : | | |
| 60,00,000 Equity Share of Rs. 10/- Each | 60,000,000 | 60,000,000 |
| (Previous Year 60,00,000 Equity share of Rs. 10/- Each) | <u>60,000,000</u> | <u>60,000,000</u> |
| ISSUED SUBSCRIBED & PAID UP | | |
| 50,00,000 Equity Share of Rs. 10/- each fully paid up. | 50,000,000 | 50,000,000 |
| (Previous Year - 50,00,000 Equity Share of Rs. 10/- each fully paid up) | <u>50,000,000</u> | <u>50,000,000</u> |
| 2 RESERVE & SURPLUS | | |
| As per last Balance Sheet | 11,510,376 | 11,613,369 |
| Add : Amount transferred from Profit & Loss A/c. | 25,016 | (102,993) |
| | <u>11,535,392</u> | <u>11,510,376</u> |



SHEETAL DIAMONDS LIMITED

SCHEDULE "3" FIXED ASSETS

| Sl. No. | Description | Gross Block | | | | DEPRICIATION | | | | Net Block | |
|--------------|---------------|------------------|--------------------------|------------|------------------|-----------------|------------------------|------------------------------|-----------------|------------------|------------------|
| | | As At 01.04.2009 | Addition during the year | Deducti on | As at 31.03.2010 | Upto 01.04.2009 | For the Year 2009-2010 | Total Depriication till date | Up to 31/3/2010 | As on 31.03.2010 | As on 31.03.2009 |
| 1 | Eureka Forbes | 5990 | 0 | 0 | 5990 | 4157 | 184 | 0 | 4341 | 1649 | 1833 |
| 2 | Vehicles | 475562 | 0 | 0 | 475562 | 418373 | 14778 | 0 | 433151 | 42411 | 57189 |
| TOTAL | | 481552 | 0 | 0 | 481552 | 422530 | 14962 | 0 | 437492 | 44060 | 59022 |
| Prv . Year | | 475562 | 0 | 0 | 475562 | 415972 | 6556 | 0 | 422530 | 59022 | 65580 |



SHEETAL DIAMONDS LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

| Sch. | | <u>31.03.2010</u> | <u>31.03.2009</u> |
|------|---|-------------------|-------------------|
| | 4 INVESTMENTS : | | |
| | Share (Unquoted) | 40,700,000 | 40,700,000 |
| | Kisan Vikas Patre | 5,000 | 5,000 |
| | | <u>40,705,000</u> | <u>40,705,000</u> |
| | 5 CURRENT ASSETS, LOANS & ADVANCES | | |
| | CURRENT ASSETS : | | |
| | A INVENTORIES : | | |
| | (As certified as valued by the Managing Director) | | |
| | Raw Material (At Cost) | - | - |
| | Finished Goods | 1,449,768 | 149,820 |
| | (At lower of cost of Market Value) | | |
| | | <u>1,449,768</u> | <u>149,820</u> |
| | B SUNDRY DEBTORS : | | |
| | (Unsecured, Considered Good) | | |
| | Over six months | 8,361,062 | 8,557,975 |
| | Others | - | - |
| | | <u>8,361,062</u> | <u>8,557,975</u> |
| | C CASH AND BANK BALANCE | | |
| | Cash on hand | 7,425 | 1,725 |
| | Balance with Scheduled Banks | 55,893 | 58,389 |
| | | <u>63,318</u> | <u>60,114</u> |
| | D LOAN AND ADVANCES : | | |
| | (Unsecured, Considered Good) | | |
| | Advance recoverable in cash or in kind | 13,370,000 | 13,370,000 |
| | Or for value to be received | | |
| | Advanced Tax | 110,810 | 110,810 |
| | | <u>13,480,810</u> | <u>13,480,810</u> |
| | 6 CURRENT LIABILITIES AND PROVISION ; | | |
| | Current Liabilities | | |
| | Sundry Creditors | 2,862,557 | 1,830,065 |
| | Audit Fee Payable | 10,000 | 10,000 |
| | Provision for Taxation | - | - |
| | Listing Fees | - | - |
| | | <u>2,872,557</u> | <u>1,840,065</u> |
| | 7 MISCELLANEOUS EXPENDITURE : | | |
| | Preliminary Expenses | 337,698 | 375,220 |
| | Less : Written off during the year | 33,770 | 37,522 |
| | | <u>303,928</u> | <u>337,698</u> |



SHEETAL DIAMONDS LIMITED

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST MARCH, 2010

| | Amount in Rs. | |
|---|-------------------|-------------------|
| | <u>31.03.2010</u> | <u>31.03.2009</u> |
| 8 SALES : | | |
| Diamond & Gold Jewellery | 3,712,507 | 3,994,349 |
| MCX(gold gini) | - | 4,263,319 |
| | <u>3,712,507</u> | <u>8,257,668</u> |
| 9 INCREASED / (DECREASED) IN STOCK : | | |
| <u>Polished Diamonds</u> | | |
| Opening Stock | 149,820 | 38,829 |
| Closing Stock | 1,449,768 | 149,820 |
| | <u>1,299,948</u> | <u>110,991</u> |
| 10 MATERIAL CONSUMED & PURCHASE: | | |
| Opening Stock | - | - |
| Purchase of Raw Material-Diamond & Gold Jewew | 3,045,616 | 3,024,676 |
| Purchase of Raw Material- MCX Gold Gini | - | 4,277,240 |
| Add : Direct Expenses | 1,269,356 | 701,229 |
| Less : Sale of Raw Materials | - | - |
| | <u>4,314,972</u> | <u>8,003,145</u> |
| 11 OPERATING AND ESTABLISHMENT COST : | | |
| Advertisement Expenses | 28,551 | 13,556 |
| Courier Charges | 60,897 | 29,449 |
| Electricity Charges | 15,365 | 26,187 |
| Internet Charges | 16,435 | 8,776 |
| Sitting fees | 7,500 | 7,500 |
| Printing & Stationery Charges | 30,284 | - |
| Rent | 98,134 | 86,268 |
| VAT Expenses | 18,442 | 7,499 |
| Salaries | 129,057 | 44,835 |
| Bank Charges | 2,331 | 1,518 |
| Audit Fees | 10,000 | 10,000 |
| Conveyance Expenses | - | 8,943 |
| Miscellaneous Expenses | 65,545 | 21,196 |
| CDSL/NSDC Charges | 12,861 | 29,589 |
| Legal & Proffistional charges | 80,000 | 64,000 |
| Telephone charges | 19,674 | 36,657 |
| R & T Expences | 16,545 | 16,854 |
| Listing Fees | 12,114 | 11,600 |
| | <u>623,735</u> | <u>424,427</u> |



SHEETAL DIAMONDS LIMITED

SHEETAL DIAMONDS LIMITED

NOTES TO THE ACCCOUNTS:

Notes annexed to and forming part of the Balance as 31st March, 2009 and Profit and Loss Accounted for the year ended 31st March, 2010.

Schedule - 12

1. Significant Accounting Policies :

a) Basic Accounting:

The Financial statements are prepared under the historical costs convention on an accrual basis and are in accordance with the requirement of the Companies Act, 1956.

b) Inflation:

Assets and Liabilities are recorded at historical cost to the company. These costs are not adjusted to reflect the changing value of purchasing power of money.

c) Sales:

Sale is invoiced on delivery of goods to the customers.

d) Fixed Assets:

All fixed assets are stated at cost of acquisition less accumulated depreciation.

e) Depreciation:

Depreciation on Fixed Assets is provided on written down value method as per the rates specified in Schedule XVI of the Companies Act,1956.

f) Inventories:

Raw material are accounted at cost, work in progress is accounted on material cost, Finished goods are accounted at lower of cost or net realizable value, store, spares and consumable are charged to revenue at the time of procurement.

2. ACCOUNTING STANDARDS:

a) Accounting Standard 17:

The Company is mainly engaged in trading activity and the major revenue comes from the said activity, where as the other activities of investment and financial services form very negligent part. So the segment wise information is of no significant use, hence not given.

b) Related parties disclosure as per Accounting Standard 18:

List of the relative party with whom transaction took place during the year:

The Company has not made any transaction with any related party during the year.

c) Lease Agreement as per Accounting Standard 19:

The Company has not entered into any Agreement of Lease during the year.

d) Earning per share as per Accounting Standard 20:

| | | |
|--|-----------------------------|------------------------------|
| i) Weighted average number of share at the beginning and end of the year | <u>2009-10</u> 50,00,000 | <u>2008-09</u> 50, 00,000 |
| ii) Net Profit / (Loss) after Tax available for equity share holders | 25,016 | (1,02,995) |
| iii) Diluted earning per share | 0.01 | (0.02) |



SHEETAL DIAMONDS LIMITED

e) Taxes on Income Tax as per Accounting Standard 22:

i) Provision for Income Tax is made in accordance with the Income Tax Act, 1961

ii) Deferred Tax Assets/Liability are not recognized in the current year as there is a virtual certainty and evidence that there will not be any future taxable income which will be available against which such Deferred Tax Assets/ Liabilities could be realized or adjusted.

3. Contingent Liabilities:

All known liabilities are provided for in the accounts except liabilities of contingent nature which have been adequately disclosed in the accounts.

4. Previous year figures have been rearranged\regrouped wherever necessary with figures of the current year.

5. The figures have been rounded off to the nearest multiple of Rupee.

6. Balances of deposits, Advances and unsecured loans etc. are subject to confirmation.

7. In the opinion of the Board of Directors of the company, the current assets, loan and advances have value at least equal to the amount at which they are stated in Balance Sheet, if realized in ordinary course of business.

8. Auditor's Remuneration include following:-

| | <u>2009-10</u> | <u>2008-09</u> |
|--------------------------------------|----------------|----------------|
| Audit Fee (including Service Tax) | Rs. 10,000/- | Rs. 10,000/- |
| | ----- | ----- |
| Total | Rs. 10,000/- | Rs. 10,000/- |
| | ===== | ===== |

10. There is no employee who is in receipt of remuneration, which in aggregate was not less than Rs. 24,00,000/- p.a. If employed through out the year, Previous year (NIL), and Rs. 2,00,000/- p.m. in aggregate if employed for the part of the year, Previous year (NIL).

11. During the year, transactions with small scale undertaking is Nil.

12. Investment consists of investment in un-quoted shares as detailed below :

| | Amount in Rs. | |
|--|---------------|-------------|
| | 31.3.2010 | 31.3.2009 |
| a) Bhatia International Limited | 1,00,00,000 | 1,00,00,000 |
| b) Blue Stock Investment Private Limited | 25,00,000 | 25,00,000 |
| c) Lecmec Engineering Private Limited | 1,82,00,000 | 1,82,00,000 |
| d) Robust Finance Private Limited | 1,00,00,000 | 1,00,00,000 |
| | ----- | ----- |
| | 4,07,00,000 | 4,07,00,000 |
| | ----- | ----- |



SHEETAL DIAMONDS LIMITED

13. Amount due to Small Scale Industries Rs. NIL as on 31/03/10.

14. Additional information as required under part IV of schedule VI to the companies Act 1956.

1. Installed Capacity Production

| | <u>Unit</u> | <u>Installed</u> | <u>Production</u> |
|-----------------|-------------|------------------|-------------------|
| Polish Diamonds | Carats | NIL | NIL |
| (previous year) | Carats | NIL | NIL |

As certified by the Managing Director, being technical matter.

2. Particulars of goods Traded :

| | <u>Quantity</u> | | <u>Rs. In lacs</u> | <u>Quantity</u> | | <u>Rs. In lacs</u> |
|---------------|-----------------|-------------|--------------------|-----------------|-------------|--------------------|
| | <u>Diamond</u> | <u>Gold</u> | <u>2009/2010</u> | <u>Diamond</u> | <u>Gold</u> | <u>2008/2009</u> |
| | Cts | gms | | Cts | gms | |
| Opening stock | 3.45 | 287.820 | 1.49 | 8.29 | 18.600 | 0.39 |
| Purchases | 216.94 | 33538.042 | 30.32 | 274.69 | 2344.560 | 30.16 |
| Closing Stock | 33.93 | 28651.938 | 14.49 | 3.45 | 287.820 | 1.49 |
| Turnover | 186.46 | 5173.924 | 37.12 | 279.53 | 2075.340 | 39.94 |
| Transfer | - | - | - | - | - | - |
| Closing stock | 33.93 | 28651.938 | 14.49 | 3.45 | 287.820 | 1.49 |

3. Raw materials consumed :

| | | |
|----------------|-----|-----|
| Rough diamonds | NIL | NIL |
|----------------|-----|-----|

**4. Value of Imports Calculated
On C.I.F. basis**

| | | |
|--|------------------|------------------|
| | <u>2009/2010</u> | <u>2008/2009</u> |
| | NIL | NIL |

5. Expenditure in Foreign Currency :

| | | |
|---------------------|-----|-----|
| Travelling expenses | NIL | NIL |
|---------------------|-----|-----|

6. Earning in Foreign Exchange :

| | | |
|--|-----|-----|
| Export of goods calculated on FOB. Basis | NIL | NIL |
|--|-----|-----|

7. Remuneration to Managing Director

| | | |
|--------------------------|-----|-----|
| Managing Director salary | NIL | NIL |
|--------------------------|-----|-----|



SHEETAL DIAMONDS LTD

8. Balance Sheet abstract and Company's General Business Profile,

1) Registration Details :

| | |
|--------------------|------------------------------|
| Registration No. | 83945 |
| State code | 11 |
| Balance Sheet date | 31 st March, 2010 |

2) Capital raised during the year :

| | |
|-------------------|-----|
| Public issue | --- |
| Right issue | --- |
| Bonus issue | --- |
| Private placement | --- |

3) Position of mobilization and deployment of funds (Rs in '000)

| | |
|-------------------|-------|
| Total Liabilities | 61535 |
| Total Assets | 61535 |

Sources of Funds :

| | |
|---------------------|--------|
| Paid up capital | 50,000 |
| Reserve and surplus | 11,535 |
| Secured loans | Nil |

Application of Funds :

| | |
|---------------------------|--------|
| Net fixed assets | 44 |
| Investment | 40,705 |
| Net current assets | 20,482 |
| Miscellaneous expenditure | 304 |
| Accumulated losses | --- |

4) Performance of Company :

| | |
|----------------------------|-------|
| Turnover | 3.712 |
| Total expenditure | 5,012 |
| Profit / (loss) before tax | 25 |
| Profit / (loss) after tax | 25 |
| Earning per share (Rs.) | --- |
| Dividend rate | --- |

5) Generic name of principal products, services of the company

| | |
|---------------------|-------------------------|
| Item code no. | 71-0239-01 |
| Product description | Cut and polish diamonds |

Signature to schedule 1 to 13

As per our report of even date
For KAMLESH B.MEHTA & COMPANY
Chartered Accountants

Sd/-
Kamlesh B.Mehta
Proprietor
Member Ship No.36323
Place : Mumbai
Date : 4th September, 2010

For and on behalf of the board of Directors

Sd/- Sd/-
Managing Director Director

Place : Mumbai
Date : 4th September, 2010



SHEETAL DIAMONDS LIMITED

AUDITORS REPORT

To,
The Board of Directors
SHEETAL DIAMONDS LIMITED
Mumbai,

We have examined the above cash flow statement of **SHEETAL DIAMONDS LIMITED** for the year ended 31st March, 2010 the statement has been prepared by the company and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

For KAMLESH B.MEHTA & CO.
Chartered Accountants

Sd/-

KAMLESH B.MEHTA
Proprietor

Place : Mumbai
Dated : 4th September, 2010

Member Ship No.36323



SHEETAL DIAMONDS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Pursuant to amended to Clause 32 of the Listing Agreement)

| | Amount in Rs. | |
|---|--------------------|--------------------|
| | 31st MARCH 2010 | 31st MARCH 2009 |
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net profit before Taxation and Extra- Ordinary Items | 25,016 | (102,995) |
| Adjustments for : | | |
| Preliminary Expenses Written Off | 33,770 | 37,522 |
| Depreciation | 14,962 | 6,558 |
| Op. Profit before Working Capital Charges | 73,748 | (58,915) |
| Adjustments for: | | |
| Increase Trade and Other Receivables | | 6,395,930 |
| Increase in Inventories | | 110,991 |
| Increase in Trade payable | | 1,254,227 |
| Cash Generated from Operation | 73,748 | (5,311,609) |
| Prior Period expenses - Listing Fees | - | - |
| Cash Flow before Extrordinary Items | | |
| Transfer to Differed Tax Liability Reserve | - | - |
| NET CASH FROM OPERATING ACTIVITIES | 73,748 | (5,311,609) |
| B. CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchase of Fixed Assets | - | - |
| Share appln. Money | - | - |
| Sale of Investment | - | - |
| NET CASH USED IN INVESTING ACTIVITIES | - | - |
| C. CASH FLOW FROM FINANCING ACTIVITES: | | |
| Proceeds from issue of Share Capital | - | - |
| Proceeds from long Term Borrowing | - | 5,300,000 |
| NET CASH USED IN FINANCING ACTIVITIES | - | 5,300,000 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 73,748 | (11,609) |
| Cash and Cash Equivalants as at (Opening Balance) | 60,114 | 71,721 |
| Less: Cash and Cash Equivalants as at (Closing Balance) | 63,318 | 60,114 |
| NET INCREASE AS DISCLOSED ABOVE | (3,204) | 11,607 |

AS PER OUR REPORT OF EVEN DATE

**FOR KAMLESH B. MEHTA & CO
(CHARTERED ACCOUNTANTS)**

For and on behalf of the board of Directors

Sd/-

Sd/-

Sd/-

**(KAMLESH MEHTA)
PROPRIETOR.**

Managing Director Director

Member Ship No.36323

PLACE : MUMBAI

PLACE : MUMBAI

DATED : 4TH SEPTEMBER, 2010

DATED : 4TH SEPTEMBER, 2010



SHEETAL DIAMONDS LIMITED

Regd. Off: Office No8, Sitaram Nivas, 1st Bhatwadi, J.S.S. Road,Opera House, Mumbai 400 004.

FROM OF PROXY

I/We being a Member /Members of SHEETAL DIAMONDS LIMITED hereby appoint Mr./Mrs./Miss.....Of..... in the district ofor failing him/her Mr./Mrs./Miss.....of.....in the district of as My/our proxy to attend and vote for me/us and on my/our behalf at 16th Annual General Meeting of the Company to be held on 30th September2010 at No. 8, Sitaram Nivas, 1st Bhatwadi, J.S.S. Road, Opera House, Mumbai 400 004 at 11.00 a.m. and at adjournment thereof.

Regd.Filio/Client ID
DP.ID No.....

No of shares held

Please affix
Re.1/-
Revrnue
Stamp

(Signature (of member /s as per specimen signature on Company's record))

Note: Proxy in order to be valid must be duly filled in, stamped, signed deposited at the Registered Office of the Company not less than 48 hours before the time of commencement of the meeting.

X-----X



SHEETAL DIAMONDS LIMITED

Regd. Off: Office No8, Sitaram Nivas, 1st Bhatwadi,J.S.S. Road,Opera House, Mumbai 400 004.

ATTANDANCE SLIP

PLEASE COMPLETE THIS ATTANDANCE SLIP AND HAND IT OVER
AT THE ENTRANCE OF THE MEETING HALL.

I , hereby record my presence at the 16th Annual General Meeting of the Company held on 30th September 2010 at No8, Sitaram Nivas,1st Bhatwadi,J.S.S. Road, Opera House, Mumbai 400 004at 11.00 a.m.

Regd.Filio/Client ID
DP.ID.No.....

No of shares held

(Signature of Member/Proxy)

Note: Persons attending the Annual General Matting are required to being their copy of the Annual Report as the practice distribution of copies of the Annual Report at the meeting has been discontinued.

BOOK POST

TO,

If Undelivered please return to:

SHEETAL DIAMONDS LIMITED

Regd. Office: Office no. 8,
Sitaram Nivas, 1st Bhatwadi,
J.S.S. Road, Opera House
Mumbai 400 004.Tel: 022 -23893412