

REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

Your Company believes in strengthening Investors trust and thereby ensuring a long-term partnership with them. Your Company is committed to be best in all areas including Corporate Governance.

In its endeavor to safeguard the interest of Investors the Company adopted the Code of Conduct for Prevention of Insider Trading in pursuance of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

BOARD OF DIRECTORS:

Composition, Category of Directors, their other Directorships, Committee memberships, Board & Annual General Meetings attended:

The present strength of the Board is ten Directors. The Board comprises of Executive & Non-Executive Directors. The Non-Executive Directors bring independent judgement & experience in the Board's decisions. Three Directors including the Chairman & Joint Managing Directors are Executive Directors. There are seven Non-Executive Directors. The Chairman of the Board is Non-independent.

Directors	Category	Directorship in other Public Limited Listed Companies	No. of Board Meetings attended	Attendance at the last AGM
Mr. Surendra Kumar Sethi	Executive Director (Chairman & Joint Managing Director)	Nil	5	Y
Mr. Varij Sethi	Executive Director (Managing Director)	Nil	6	Y
Mr. Vivek Tharaney	Executive Director (Whole time Director - Production)	Nil	6	Y
Mr. Virendra Kumar Sethi	Non Executive Director	Nil	0	Y
Mr. Nalin Kumar Sethi	Non Executive Director	Nil	0	N
Mr. Sunil Talreja	Independent & Non Executive Director	Nil	0	N
Mr. Sanjiv Chainani	Independent & Non Executive Director	One	5	Y
Mr. Abhishek Jain	Independent & Non Executive Director	Nil	2	Y
Mr. Ravi Khubchandani	Independent & Non Executive Director	Nil	6	Y
Mr. Martin Feinstein	Independent & Non Executive Director	Nil	0	N *

* Appointed during current year

None of the Directors are holding committee positions in any other Public Limited Listed Companies.

BOARD PROCEDURE:

Number of Board Meetings held and the dates of the Board Meetings :

Six (6) meetings of the Board of Directors were held in the year 2003-2004. The dates on which the said meetings were held as follows :

21st April, 2003	27th June, 2003	30th July, 2003
28th October, 2003	15th January, 2004	27th January, 2004

AUDIT COMMITTEE:

Terms of reference of the audit committee are wide enough covering the matters specified for Audit Committee under the listing agreement.

An audit committee was formed on 19th March, 2002 with Mr. Abhishek Jain as the Chairman and Mr. Sanjiv Chainani and Mr. Ravi Khubchandani as its members. During the financial year 2003-2004 the committee met thrice i.e. before the finalisation of annual accounts for the year ended 31st March, 2003, before declaration of the results for the Quarter ended 30th September, 2003 and before declaration of Result for the Quarter ended 31st December, 2003. The meetings were attended by at least two members of the committee.

COMPENSATION COMMITTEE :

The Company is not paying remuneration to any of the Non Executive Directors.

The Compensation committee comprises of three Independent Non Executive Directors viz. Mr. Sanjiv Chainani, Mr. Ravi Khubchandani & Mr. Abhishek Jain.

The Compensation committee was constituted on 19th March, 2002 to recommend/review the remuneration package of the Executive Directors.

REMUNERATION PAID TO DIRECTORS DURING 2003-2004

Names	Sitting fees Amount (Rs.)	Remuneration including Salary & Perquisites Amount (Rs.)	Service Contract
Mr. Surendra Kumar Sethi	10,000/-	1,800,000/-	5 years
Mr. Varij Sethi	12,000/-	2,716,121/-	5 years
Mr. Virendra Kumar Sethi	-	-	-
Mr. Nalin Kumar Sethi	-	-	-
Mr. Sanjiv Chainani	10,000/-	-	-
Mr. Vivek Tharaney	12,000/-	485,370/-	5 years
Mr. Sunil Talreja	-	-	-
Mr. Ravi Khubchandani	12,000/-	-	-
Mr. Abhishek Jain	4,000/-	-	-
Mr. Martin Feinstein	-	-	-

SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Committee comprises of Mr. Ravi Khubchandani, non executive Independent Director as the Chairman, Mr. Varij Sethi & Mr. Sanjiv Chainani as the other members.

The committee reviews all matters connected with Share Transfer/redressal of shareholders/investors complaints like transfer of shares, non receipt of dividend etc. the committee oversees the performance of the Registrar & Transfer Agents and recommends measures to improve quality of service to investors.

During the year, the Company received 17 complaints, all of which have been resolved as on date.

Ms. Bela Desai- Company Secretary is the Compliance Officer of the Company.

DISCLOSURES :

- (a) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoter, the Director or the management , their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Note No. D (14) at notes to accounts states materially significant related party transactions. Though there are materially significant related party transactions they are not potentially conflicting with the interest of the Company.

- (b) Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other statutory authority on any matter related to capital markets during the last three years.

The Company has complied with all the requirements of Regulatory Authorities and no penalties were imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to the capital market during the last three years.

GENERAL BODY MEETINGS :

Details of the location of the Annual General Meetings held during the last three years :

Financial Year	Location	Date	Time
2000-2001	C. K. Nayudu Hall, The Cricket Club of India Limited, J. N. Tata Pavillion, Brabourne Stadium, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	28/09/01	4.30 P.M.
2001-2002	C. K. Nayudu Hall, The Cricket Club of India Limited, J. N. Tata Pavillion, Brabourne Stadium, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	24/09/02	4.30 P.M.
2002-2003	C. K. Nayudu Hall, The Cricket Club of India Limited, J. N. Tata Pavillion, Brabourne Stadium, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	12/09/03	4.30 P.M.

There were no resolutions passed through postal ballot at any of the above meetings. At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through postal ballot.

NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT:

Mr. Martin Feinstein, aged 50 years is a foreign national. He has experience in the field of marketing of jewellery in USA. He was appointed as an Additional Director in the Board meeting held on 28th October, 2003.

Mr. Virendra Kumar Sethi, aged 64 years is a Chemical Engineer. He is a non-resident Indian and one of the promoters of S B & T Gem Imports Inc. USA. He is also one of the promoters of our Company. He has over three decades of experience in international jewellery business. He does not hold any committee positions in any other public limited listed companies.

Mr. Sanjiv Chainani aged 41 years is a Commerce graduate and also holds a M.M.S. in Marketing. His experience and expertise lies mainly in the field of Finance. He holds Directorship in Hathway Bhawani Cabletel & Datacom Limited, S B & T Finance Private Limited, S B & T Securities Private Limited, S B & T (UK) Limited, Systematik Finvest Private Limited & Krisma Investments Private Limited.

Mr. Sunil Talreja aged 40 years is a graduate in Science. He is the founder of Soft Touch Jewellers LLC in Dubai and the Managing Director of the same. He does not hold any committee positions in any other public limited listed companies.

TRADING IN THE COMPANY'S SHARES BY DIRECTORS AND DESIGNATED EMPLOYEES

The Securities and Exchange Board of India vide Notification dated 20th February, 2002 has amended the SEBI (Insider Trading) Regulations, 1992. The Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors on the Board as well as designated employees are governed by this code.

As per Regulations 7& 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 the promoters, with an intention to increase their holding have acquired 360,225 Equity shares i.e. 2.66 % of the paid up capital of the Company from the secondary market through M/s. Systematik Finvest Private Limited, a promoter group company. After the said acquisition, the total promoter holding as on 31st March, 2004 stands at 36.80% of the paid up capital of the Company.

MEANS OF COMMUNICATION:

It is the Managements belief that all shareholder should have access to complete information regarding its position to enable them to accurately access its future potential. The Company's website (www.sbtindia.com) serves as a key awareness facility for all shareholders, allowing them to access information at their convenience. It provides information on the company's financial performance, business strategy and displays latest press releases. As required by SEBI and the listing agreements, the Company has been filing its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC).

Quarterly financial results are published in Free Press Journal & Navshakti.

Management Discussion & Analysis Report forms part of the Annual Report

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date	Time	Venue
30th September, 2004	4.30 P.M.	C.K. Nayudu Hall, The Cricket Club of India Limited, J.N. Tata Pavillion, Brabourne Stadium, Dinshaw Wachha Road, Churchgate, Mumbai -400 020

Book Closure Date : 23rd September, 2004 to 30th September, 2004
(both days inclusive)

Financial Calendar :

Financial reporting for the quarter ending

31st March, 2004 - 28th April, 2004 (For Unaudited results for the year 2003-2004)	30th June, 2004	- 30th July, 2004
30th September, 2004	- end October, 2004	31st December, 2004 - end January, 2005

Listing :

The shares of the Company are listed on the following Stock Exchanges.

Stock Exchange	Code for SB&T International Limited
The Stock Exchange, Mumbai	13583
National Stock Exchange of India Limited	SB&TINTL
The Delhi Stock Exchange Association Limited	7471 (Applied for delisting)
The Stock Exchange, Ahmedabad	Delisted w.e.f. 8th March, 2004
Jaipur Stock Exchange Limited	(Applied for delisting)

The Company has paid Listing fees for the year 2004-2005 to The Stock Exchange, Mumbai and National Stock Exchange of India Limited.

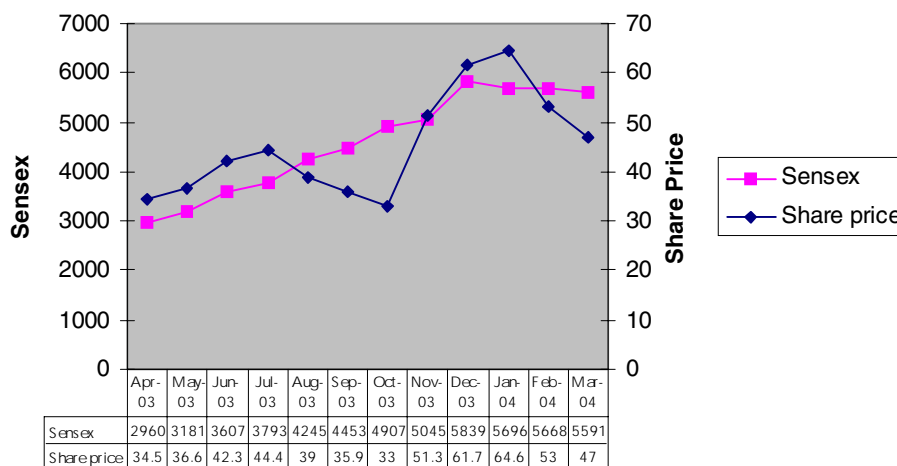
ISIN number for NSDL & CDSL : **INE465B01015**

Stock Market Data: BSE- high /low NSE – high/low

Month/Year	Bombay Stock Exchange		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2003	34.50	29.00	35.00	28.00
May, 2003	36.55	27.80	36.75	27.80
June, 2003	42.30	32.50	42.10	30.00
July, 2003	44.40	31.60	43.90	31.30
August, 2003	39.00	30.15	37.50	30.65
September, 2003	35.85	28.75	36.00	28.85
October, 2003	33.00	25.50	32.80	26.55
November, 2003	51.25	29.75	51.10	29.50
December, 2003	61.70	43.65	61.50	43.60
January, 2004	64.60	48.05	64.45	49.50
February, 2004	53.00	44.35	54.00	44.00
March, 2004	47.00	41.75	47.30	41.65

Performance in comparison to BSE sensex :

Share Performance of the Company in comparison with BSE Sensex.



Share Transfer System :

Trading in the Equity Shares of the Company is permitted only in the electronic form. Share transfer in physical form are processed and approved by the Share Transfer committee which normally meets twice in a month.

As required under Clause 47(c) of the listing agreements entered into by the Company with the Stock Exchange(s), a half yearly certificate is being obtained from a firm of Practising Company Secretaries, in regard to inter alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares within one month of their lodgment. The certificates are forwarded to the stock exchanges where the equity shares of the company are listed and also placed before the Board.

In terms of SEBI's circular no. D&CC/FITTC/CIR – 16 dated December 31, 2002 a Secretarial Audit is being conducted on a quarterly basis by a firm of Practising Company Secretaries for the purpose of inter alia, reconciliation of total admitted equity share capital with the depositories and in the physical form with the total issued/paid up equity capital of the company. Certificates issued in this regard are placed before the Shareholders/Investor Grievance Committee and forwarded to the stock exchanges where the equity shares of the company are listed.

Registrar and Share Transfer Agents : M/s IIT Corporate Services Limited

Protoprima Chambers,
2nd Floor, Suren Road,
Andheri (East)
Mumbai - 400 093

Distribution of Shareholding as on 31st March, 2004

No. of Equity	No. of Shareholders	% Shareholders	Shares held	% of Shareholders
1 – 5000	4,901	81.03	10,082,590	07.47
5001 - 10000	524	8.66	4,514,780	3.35
10001 - 20000	267	4.41	4,309,350	3.19
20001 - 30000	77	1.27	2,014,320	1.49
30001 - 40000	42	0.70	1,553,620	1.15
40001- 50000	57	0.94	2,733,140	2.03
50001-100000	93	1.54	6,761,960	5.01
100001 & above	88	1.45	103,030,240	76.31
Shares in Transit			-	-
Total	6,049	100.00	13,500,000	100.00

SHAREHOLDING PATTERN AS ON 31/03/2004

Distribution of Shareholding for the quarter ending on 31st March, 2004

Category	No. of shares held	% of shareholding
A. Promoter's holding		
1 Promoter's		
- Indian Promoters	3,169,225	23.476
- Foreign Promoters	1,800,000	13.333
2 Persons acting in Concert		
Sub-Total	4,969,225	36.809
B. Non-Promoters Holding		
a. Mutual Funds and UTI	635,606	4.708
b. Banks, Financial Institutions, Insurance Companies (Central/State Gov. Institutions/ non-government institutions)	200	0.001
c. FII's	734,425	5.440
Sub-Total	1,370,231	10.150
4 Others		
a. Private Corporate Bodies	3,262,445	24.166
b. Indian Public	3,827,602	28.353
c. NRIs/OCBs	66,597	0.493
d. Any Other (please specify) In Transit (DEMAT)	3,900	0.029
Sub-Total	7,160,544	53.041
GRAND TOTAL	13,500,000	100

Dematerialization of shares

87.12% of the shares issued by the Company have been dematerialised upto 31st March, 2004.

Details of use of public funds obtained in the last three years

Not applicable

Queries may be addressed to

The Company Secretary
G-3 Gems & Jewellery Complex
SEEPZ, Andheri (East)
Mumbai 400 096.

Shareholders holding shares in electronic form should address all correspondence to their respective Depository Participant's.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**Certificate of compliance of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges**

To the members of S. B. & T. International Limited

We have examined the compliance of conditions of Corporate Governance by S. B. & T. International Limited, for the year ended on 31st March, 2004 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

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.

for RSM & Co. For **M. M. DUBEY & Co.**
Chartered Accountants Chartered Accountants

Place : Mumbai
Date : 12th August, 2004

Vijay N. Bhatt
Partner
(M. No. F36647)

M. M. Dubey
Proprietor
(M. No.30453)