

## DIRECTORS REPORT

Your Directors are pleased to present their 19<sup>th</sup> Annual Report for the financial year ended on 31st March 2014.

### FINANCIAL RESULTS:

(Amount in Millions)

PARTICULARS	31 <sup>st</sup> March 2014	31 <sup>st</sup> March 2013
Sales	55.33	41.12
Profit/(loss) before int, dep & tax	.18	5.86
Interest	0.00	0.004
Profit/(loss) before dep & tax	.18	5.82
Depreciation	.06	.06
Profit/(loss) before tax	.12	5.77
Tax	.02	.72
Net Profit/(loss) after tax	.10	5.05

### DIVIDEND:

Keeping in view the fund requirements for the expansion of business activities, the directors have not recommended any dividends.

### FIXED DEPOSIT

The Company has not accepted any deposit from the public with in the meaning of section 58-A of the Companies Act,1956.

### DIRECTORS:

Mr. Rohit Jain, Director of the company who retire at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

### LISTING:

The company is listed with Bombay Stock Exchange Limited, Ludhiana Stock Exchange and Delhi Stock Exchange. The company is complying with all the requirements of listing agreement. The company is also regular in payment of listing fees. The members are hereby informed that Ludhiana Stock Exchnge and Delhi Stock Exchange have decided to derecognize themselves.

**AUDITORS:**

M/s Datta Singla & Co, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and Board recommends for their re-appointment. The company has received a letter from them that their reappointment if made would be within the limits as prescribed in the section 224 (1B).

**CORPORATE GOVERNANCE REPORT:**

As required under clause 49 of Listing Agreement the Corporate Governance Report along with Auditors certificate regarding compliance of conditions of corporate governance report is enclosed.

**AUDIT COMMITTEE :**

Pursuant to provisions of section 177 of Companies Act 2013 and Listing Agreement the company has constituted the audit committee. Following are the members of Audit committee:

1. Mr. Sham Sunder Sharma
2. Mr. Rohit Jain
3. Mr. Vinay Kumar Sharma

**AUDITORS REPORT:**

Observation in the Auditors Report are dealt with in the notes to the Accounts and being self explanatory needs no further explanation.

**PARTICULARS OF EMPLOYEES**

None of the employees is covered Under Section 217(2A) of the Companies Act ,1956 read with Companies (Particulars of Employees) Rules ,1975 as amended.

## **ANNEXURE TO THE DIRECTOR'S REPORT:-**

### **A. Conservation of Energy :**

Though energy does not form a significant portion of the cost for the Company yet wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost. Staff of the Company is regularly sensitized about conservation of power.

### **B. Technology Absorption : Nil**

### **C. Foreign exchange earnings and outgo: Nil**

## **DIRECTORS RESPONSIBILITY STATEMENT :**

As required u/s 217 ( 2AA) of the companies Act ,1956 the Directors states that :

1. That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That Directors have prepared the annual accounts on going concern basis.

## **ACKNOWLEDGEMENT**

The Board expresses its deep gratitude and thanks to its clients, bankers, associates and shareholders for their valuable contributions towards growth of the company. Your directors particularly wish to place on record their sincere appreciation for the best efforts put in by the employees towards upliftment of the company.

For Board of Directors  
M/S DEVINE IMPEX LIMITED

DATE : 14<sup>th</sup> August 2014  
PLACE : Mohali

Sd/-  
CHAIRMAN

## **CORPORATE GOVERNANCE REPORT :**

### **1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :**

Corporate Governance is the combination of voluntary practice and compliance of laws and regulations leading to effective control and management of the affairs of the company. The company believes that good corporate governance contemplates the corporate actions, balance the interest of all stockholders and satisfy the tests of accountability, transparency and fair play. The company gives high priority to core value and ethics and believes that all its operations and actions must be directed towards overall share holder value.

### **2. BOARD OF DIRECTORS :**

The constitution of the board of directors of the company is in compliance with clause 49 of the listing agreement. At present the Board of Directors of the company consists of four directors out of which two are independent directors. Mr. Rohit Jain is the Chairman of the company, who is a non executive director. None of the independent director has any material pecuniary interest in the company. All the directors of the company are qualified and possess vast experience in the field of trading, marketing, finance and other related activities. The company has hold six board meetings during the financial year. The gap between any two board meetings was not more than four months. The members of Board have access to all the information of the company. The minutes of meetings of directors are properly recorded and entered in the minutes book within time.

The details of directors attendance in Board meetings and last annual general meeting along with details of other directorship is given below.

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Board Meetings attended</b>	<b>Attendance at last AGM</b>	<b>No. of other directorships</b>
Mr. Rohit Jain	Promoter Director	6	Yes	3
Mr. Parvesh Kumar	Managing Director	6	No	Nil
Mr. Vinay Kumar	Independent Director	6	No	Nil
Mr. Sham Sunder Sharma	Independent Director	2	No	Nil

### **3 AUDIT COMMITTEE:**

The audit committee comprises of three directors namely Mr. Sham Sunder Sharma, Mr. Rohit Jain and Mr. Vinay Kumar. Mr. Sham Sunder Sharma is Chairman of the Audit Committee. All members of audit committee are financially literate. Mr. Vinay Kumar was appointed as member of the audit committee after the resignation of Mr. Ajay K Arora from the directorship of the company. Four audit committee meetings were held in the financial year ending 31<sup>st</sup> March 2013. The gap between two meetings of the audit committee is not more than four months.

The Board has defined the scope of Audit committee to cover the all areas provided in Companies Act, 1956 and Listing Agreement with the Stock Exchange. The terms of reference of the Audit Committee are given below :

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
  - (b) Recommend the appointment, reappointment and replacement of auditors.
  - (c) Recommending and approval of payments of statutory auditors for various assignments.
  - (d) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
    - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report 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
    - vii. Qualifications in the draft audit report.
  - (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
1. Reviewing, with the management, the statement of uses / application of funds raised through public issue, rights issue, preferential issue, etc.
- (g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  - (h) Reviewing the adequacy of internal audit function, 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.
  - (i) Discussion with internal auditors on any significant findings and follow up there on.
  - (j) Reviewing the findings of internal investigations by the internal auditors into the requisite matters
  - (k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain area of concern.

(l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(m) Discussion with internal auditors of any significant findings and follows up thereon.

#### **Details of meeting of Audit Committee**

Name of the Members of Audit committee	No. of meetings held	No. of Meetings attended
Mr. Sham Sunder Sharma	4	4
Mr. Rohit Jain	4	4
Mr. Vinay Kumar Sharma	4	4

#### **4. STAKEHOLDERS RELATIONSHIP/INVESTORS GRIEVANCES/ SHARE TRANSFER COMMITTEE:**

The shareholders grievances committee consist of the following members.

Mr. Parvesh Kumar Oberoi  
Mr. Rohit Jain  
Mr. Vinay Kumar Sharma

Mr. Parvesh Kumar Oberoi is the Chairman of the committee.

The meetings of the committee were regularly held. The committee met to approve the transfer of shares and to redress the shareholders grievances. The requests for conversion of physical share certificates into demat form were also approved by the committee. There are few shares, which are still being held by the members in demat form. As on 31<sup>st</sup> March 2014 no transfers of shares or request for demat/remat is pending. No complaint/grievance is were pending as on 31/03/2014.

#### **5. NOMINATION/REMUNERATION COMMITTEE**

The Company has re-constituted the Remuneration Committee. Now Mr. Rohit Jain, Mr. Sham Sunder Sharma and Mr. Vinay Kumar are members of the remuneration committee. Mr. Sham Sunder Sharma is the chairman of the committee. One meeting of the remuneration committee was convened during the financial year. The company is not paying any remuneration to any director of the company.

#### **Brief information on the Directors proposed for reappointment**

Mr. Rohit Jain is a businessman. He is graduate. He has very rich experience of more than 20 years in the field of jewelry.

#### **Details of Annual/Extra Ordinary General Meeting :**

YEAR	DATE OF AGM	TIME	PLACE
2010-2011	30 <sup>th</sup> September 2011	9.30 a.m.	SCF 103, Chamber

			No 7, 1 <sup>st</sup> Floor, Phase XI, SAS Nagar, Mohali
2011-2012	29 <sup>th</sup> September 2012	9.30 a.m.	SCF 103, Chamber No 7, 1 <sup>st</sup> Floor, Phase XI, SAS Nagar, Mohali
2012-2013	30 <sup>th</sup> September 2012	9.30 a.m.	SCF 103, Chamber No 7, 1 <sup>st</sup> Floor, Phase XI, SAS Nagar, Mohali

No extra ordinary general meeting was convened during the financial year. The company has not passed any special business during the last year. There was no resolution passed through postal ballot during the year.

### Disclosures

#### 1. Transactions with related party:

The company has entered into related party transactions during the period under review and significant disclosure of the same has been made.

#### 1. Accounting treatment

In preparation of the financial statements the company has followed the accounting standards issued by Institute of Chartered accountants of India and has applied the standard accounting policies.

#### (c) Penalties and Non Compliances

There have been no instances of any penalties imposed on the company on any matter relating to the capital market. The Board receives a certificate of compliance of the applicable laws from the Managing director in every Board meeting.

#### Means of Communication

The communication with the shareholders at large is through dispatch of annual reports, publication of quarterly results and press releases in newspaper. The company sends annual reports to all the shareholders. The notices of convening of general meetings are also published in the newspaper. The Board of directors approves the quarterly results within 45 days of end of each quarter except for March 2014 quarter which were approved by the company within 60 days of the close of financial year. The financial results for each quarter are being sent to stock exchange regularly through courier, internet and fax. Unaudited quarterly results are also regularly published in the newspaper papers in accordance with the requirement of the listing agreement.

#### Share holder information :

a. Annual General Meeting : 29<sup>th</sup> September 2014 at 9.30 a.m.

SCF 103, Chamber No. 7,  
1<sup>st</sup> Floor, Phase XI,  
SAS Nagar, Mohali.

- b. Date of book closure is from 20<sup>th</sup> September 2014 to 29<sup>th</sup> September 2014.
- c. Mumbai Stock Exchange Assn Limited  
Ludhiana Stock Exchange Assn Limited  
Delhi Stock exchange Limited
- d. Stock Exchange Code : 531585
- e. The company is regularly in paying the annual listing fees of the exchanges.

f. REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited  
A 40, 2<sup>nd</sup> Floor, Narayana Industrial Area,  
Phase 2, Near Batra Banquet Hall,  
New Delhi-28.



## **CORPORATE GOVERNANCE CERTIFICATE**

### **TO THE MEMBERS OF DEVINE IMPEX LIMITED**

We have examined the compliance of conditions of corporate Governance by DEVINE IMPEX Limited for the year ended 31st March 2014 as stipulated in clause 49 of the listing agreement of the said company with the stock exchange.

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

In our opinion and to the best of our information and according to the examinations given to us we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing .

We state that no investor grievance is pending for a period exceeding one month against the company as per the information provided to us.

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

Date : 31/08/2014  
Place : Chandigarh

Sd/-  
Kanwaljit Singh  
Company Secretary

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **I) INDUSTRY STRUCTURE & DEVELOPMENT:**

The gems and jewelry industry has an important role in the Indian economy. India has the distinction of being one of the first countries to introduce diamonds to the world. India is the largest market for gold jewelry in the world. Gold dominates the Indian jewelry market and formulates almost 80 per cent of the market share, which is followed by fabricated studded jewelry including diamond and gemstones. India has emerged as the largest cutting and polishing industry for diamonds in the world.

### **(II) OPPORTUNITIES, THREATS AND RISKS:**

India is one of the largest exporters of gems and jewelry. India is the diamond polishing capital of the world as highly skilled work force is available in India at very low cost. Besides this India is the most technically equipped country for the polishing of the diamond and other precious metals.

But of lately there are few policies which have been introduced by the Govt because of which this sector was felt some unrest. Besides this the rise in inflation has shrunked the purchasing power of the consumer. The political uncertainty has also shown its adverse impact on the industry.

### **III) OUTLOOK :**

India possesses world's most competitive gems and jewellery market due to its low cost of production and availability of skilled labour. Currently the industry is growing at a tremendous rate on the back of growing demand and increasing consumer preference. With various government efforts and incentives coupled with private sector initiatives Indian gems and jewelry sector is expected to grow at a CAGR of around 13% during 2011 - 2014. At present Indian gems and jewelry market is dominated by the unorganized sector; however, the trend is set to change in near future due to the growing acceptance of branded jewellery market.

### **(V) INTERNAL CONTROL SYSTEM:**

The company has effective and adequate internal control system. All the assets of the Company are properly safeguarded and used to their optimum capacity. The system is reviewed and updated by the management periodically. The finding and suggestions of internal control are reviewed by the Board of Directors & Audit Committee and they make sure that internal controls are properly complied with.

### **(VI) HUMAN RESOURCES AND INDUSTRIAL RELATION:**

The company is maintaining very cordially relations with all concerned people. With the change in management, new faces have been inducted in the company. Recruitments have been done as per the requirement. The relations with banks and other statutory departments are also very cordial.