

# STARCHIK SPECIALITIES LIMITED

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FIFTEENTH ANNUAL REPORT  
2006-2007

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## STARCHIK SPECIALITIES LIMITED

### BOARD OF DIRECTORS

#### DIRECTORS

Shri Sanjay Kumar Sanghi  
Shri Ritesh Kumar Sanghi  
Shri V. K Agarwal  
Shri K. Sunder  
Shri V.Ram Prasad

### AUDITORS

M/s. Venugopal & Chenoy, Chartered Accountants  
Tilak Road, Hyderabad

### BANKERS

State Bank of India  
Commercial Branch  
Koti, Hyderabad

### REGISTERED OFFICE

"Sadana Building, 1<sup>st</sup> Floor,,  
3-6-290/18, Hyderguda  
Hyderabad - 500 029

### DEPOSITORY REGISTRAR & SHARE TRANSFER AGENTS

M/s. CIL SECURITIES LIMITED.  
208, RAGHAV RATNA TOWERS  
CHIRAG ALI LANE, ABIDS  
Hyderabad - 500 001.  
Phone: 23202465 Fax : 040- 32203155  
Email : [cilsec@rediffmail.com](mailto:cilsec@rediffmail.com)

## NOTICE TO MEMBERS

Notice is hereby given that the Fifteenth Annual General Meeting of Starchik Specialities Limited will be held on Saturday the 29<sup>th</sup> December, 2007 at 11:30 A.M. at Surana Udyog Auditorium, FAPPCI Bhawan, Red Hills, Hyderabad – 500 004 to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss account for the financial year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Ritesh Kumar Sanghi who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri V.K Agarwal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the auditors and to fix their remuneration.

### SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. V. Ram Prasad, who was appointed as Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to section 21 of the Companies Act, 1956 and other applicable provisions of the Act and subject to approval of the Central Government, name of the company be and is hereby changed from Starchik Specialities Limited to Narbada Gems & Jewellery Limited and that the name wherever so appears in the Memorandum and Articles of Association of the Company be changed to **NARBADA GEMS & JEWELLERY LIMITED.**"

7. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary resolution:

"RESOLVED THAT in accordance with the provisions of Section 269, 198, 309 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 and other provisions thereto, as amended, the Company hereby accords its approval and consent to the appointment of Shri Sanjay Kumar Sanghi as *Managing Director of the Company with effect from 29th April, 2007 for a period of 5 years without any remuneration.*

"RESOLVED FURTHER That the Managing Director shall exercise substantial powers of management as defined under Section 316 of the Companies Act, 1956 and shall act under the superintendence of the Board of Directors of the Company".

"RESOLVED FURTHER THAT Shri Sanjay Kumar Sanghi, Managing Director is further authorized to appoint any attorneys under General Power of attorney or otherwise in ordinary course of business, as may be required from time to time, for and on behalf of the Company for the beneficial interest of the Company and he be further authorized to sign such Power of Attorney document or such other document as may be required on behalf of the Company";

"FURTHER RESOLVED that Board of Directors be and are hereby authorized to do all such acts, deeds, things as may be necessary in this regard."

Place: Hyderabad  
Date: 21-11-2006

By order of the Board

Sd/-

**SANJAY KUMAR SANGHI**  
Managing Director

**NOTES**

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a proxy, to be effective, should be deposited at the Registered office of the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> December, 2007 to 29<sup>th</sup> December, 2007 (both days inclusive)
3. All Correspondence and share transfer documents must be addressed to the Share Transfer Agents.
4. The Explanatory Statement U/s 173(2) and Sec 192A of the Companies Act, 1956 in respect of Item Nos. 5 to 7 respectively, are attached hereto.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of their attendance at the meeting.
6. Members holding shares in physical and electronic form are required to inform immediately the changes, if any, in their address to Share Transfer Agents.

**EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956****Item no: 5**

The Board of Directors of the Company appointed Mr.V Ramprasad as Additional Director of the Company during the period and his term of office expires on the date of ensuing Annual General Meeting and a notice from a member of the Company was received proposing their appointment as a Directors of the Company under Section 257 of the Companies Act, 1956.

The profile of the Directors being appointed/ reappointed is as follows:

Name of the Director	Date of Birth	Areas of experience	Other Directorships
Mr. Ritesh Kumar Sanghi	24.12.1971	Jewellers Segment	Sanghi Jewellers Pvt. Ltd.
Mr. V.K. Agarwal	02.12.1954	Construction	Garg Projects Ltd, Garg Leasing & Finance Pvt. Ltd, Kaveri Project Ltd.
Mr. V. Ram Prasad	06.12.1956	Financial Consultant	

The Board of Directors have recommended their appointment as the Company will benefit from their rich business experience.

No Director other than the appointees is concerned or interested in the said resolution.

**Item 6:**

The Company was incorporated with the main objects to carry on the business of production of Poultry products and other allied products. However, due to several reasons your Company could not continue the business in these areas, since a long period and the unit was sold. The Company's Management also changed after Takeover of the Company by the present Management and the Main Objects were changed to undertake Gems & jewellery business. Further, so that the name of the Company reflects its new business activities, it is proposed to change the name of the Company.

None of the Directors, is concerned or interested in the said resolution.

**Item 7:**

Shri Sanjay Kumar Sanghi was appointed as Managing Director by the Board of Directors w.e.f 29.04.2007 without any remuneration. He is a Commerce graduate and a qualified Gemologist. He is one of the Promoters after the Takeover of the Company in the year 2006.

Since the company has now started operations in Jewellery segment, his wide experience of over 16 years in the field will be beneficial to the Company.

No other Director except Shri Ritesh Kumar Sanghi, relative of the appointee, is concerned or interested in the resolution.

The note above may be construed as a statement under Section 302 of the Act.

Members are requested to approve the resolution.

**DIRECTORS' REPORT**

Your Directors hereby present the Fifteenth Annual Report of the Company together with the Audited Accounts of your Company for the year ended 31st March 2007.

**FINANCIAL RESULTS:**

Your Company's performance during 2006-2007 is summarized below:

(Rs. in lakhs)

Sl. #	Particulars	2006-07	2005-06
1.	Sales	127.64	0
2.	Other Income	19.16	5.26
3.	<b>Total Income (1+2)</b>	<b>146.80</b>	<b>5.26</b>
4.	Expenditure	124.19	156.58
5.	<b>Profit / Loss before depreciation and Misc. Exp written off (3-4)</b>	<b>22.61</b>	<b>-151.32</b>
6.	Depreciation	0	0
7.	Misc. Exp. written off	52.24	0
8.	<b>Net Profit (+) / Loss (-) [5-(6+7)]</b>	<b>-29.63</b>	<b>-151.32</b>

**BUSINESS REVIEW AND FUTURE OUTLOOK:**

Members are aware that after the Takeover of the Company as per SEBI Takeover Code by the present Management, the Company has changed its line of business to Manufacturing and trading of Jewellery, gems, bullion and other related activity in accordance with the changed Main Objects approved by Members by Postal Ballot on 27.12.2006. Hence, the business undertaken in new activity is only for Three months that is reflected in the Audited Accounts as at 31<sup>st</sup> March, 2007. However, the new Management is placing their best efforts to generate substantial revenues in the current full year of operations. During the year ended 31.03.2007, the Company generated sales of Rs. 127.64 lakhs as against NIL sales in previous year. However, due to a heavy write off on assets, the Company has made loss of Rs. 29.63 lakhs during the year.

**DIRECTORS:**

After the change of Management, on 14.10.2006, the erstwhile Directors namely Mr. Amarjot Singh, Mr. Harbans Singh resigned and Mr. Sanjay Kumar Sanghi, Mr. V.K Agarwal and Mr. N. Sunder joined the Board as Additional Directors and were reappointed in Annual General Meeting. Mr. V. Ramprasad joined the Board as Additional Director during the year. In accordance with provisions of Section 256 of the Companies Act, 1956 and the Articles of Association, Mr. Ritesh Kumar Sanghi and Mr. V.K. Agarwal, retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Mr. V. Ram Prasad has been opted on the Board as Additional Director and in accordance with the provisions of Section 260 of the Act, his term expires at the ensuing Annual General Meeting. As required u/s 257 of the Act, Company has received a notice proposing his appointment as director. The Board recommends his appointment as Director liable to retire by rotation.

**FIXED DEPOSITS:**

Your Company has not accepted any deposits from the public during the year.

**AUDITORS:**

M/s. Venugopal & Chenoy, Chartered Accountants, the present statutory auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

The Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended on 31<sup>st</sup> March 2007, the applicable accounting standards have been followed and that no material departures have been made from the same;
- (ii) that the Directors have 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 31<sup>st</sup> March 2007 and of the loss for that period;
- (iii) that the Directors have 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 have prepared the annual accounts for the year ended on 31<sup>st</sup> March 2007, on going concern basis.

**INDUSTRIAL AND PERSONNEL RELATIONS:**

The relationship between the management and the staff continued to be cordial.

**PARTICULARS OF EMPLOYEES:**

In pursuance of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, the Directors are to report that no employee was in receipt of emoluments as provided in the said Section.

**ADDITIONAL INFORMATION AS REQUIRED U/S 217 (1) (e) OF THE COMPANIES ACT, 1956:**

The statement giving particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is enclosed as Annexure 1

**CORPORATE GOVERNANCE:**

The report on Corporate Governance and Management Discussion Analysis Report are annexed hereto as Annexure – 2 & 3 respectively and they form part of Directors' Report.

**ACKNOWLEDGMENTS:**

Your Directors express their appreciation for the support received from the Bank, Government Authorities, Customers, Vendors and Shareholders.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Hyderabad	(Sanjay Kumar Sanghi)	(V.K. Agarwal)
Date: 30-06-2007	Managing Director	Director

**ANNEXURE - 1****INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS' RULES, 1988**

- a) Energy Conservation Measures taken: **Not Applicable as Company is in the business of Jewellery manufacturing and trading which are more dependent on Human skill than power consumption.**
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : **Nil**
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : **Not Applicable**

**FORM-A****FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	2006-07	2005-06
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) Purchased : Units (KWH)	Nil	Nil
Total Amount (Rs.)		
Rate/Unit (Rs.)		
<b>b) Own Generation</b>		
Through diesel generator: Units (KWH)	Nil	Nil
Units per litre of diesel oil		
Cost per Unit (Rs.)		
<b>B. CONSUMPTION PER UNIT OF PRODUCTION:</b>		
Electricity consumption Per kg of dressed/frozen chicken	Nil	Nil

**FORM B****DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

- A. RESEARCH AND DEVELOPMENT (R&D) : Not Applicable
- B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION – Not Applicable

**FORM - C****FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	2006-07	2005-06
a) Foreign Exchange earned (Recovery of old dues from Sundry Debtors)	Nil	16,22,895
b) Foreign Exchange used:	Nil	Nil



## ANNEXURE- 2

## REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges and best practices followed on Corporate Governance, the details of Compliance by the Company are as under:

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Listing Agreement entered into by the Company with the Stock Exchanges contemplates compliance with the Code of Corporate Governance. It has been the constant endeavor of the Company to adhere to these Standards and thereby enhance the value of all the shareholders with following as main pillars :

- Transparency
- Accountability
- Fair & Equal treatment to all shareholders
- Compliance with regulations
- Ethical Practices
- Maximisation of shareholders value.

As a part of the compliance of revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for information of all the stakeholders.

1. Board of Directors:

## 2.1. Composition:

The Board of Directors consists of 5 directors as on date. The composition and category of Directors and changes during the period is as follows:

Sl. #	Name of the Directors	Category	Number of Directorships in other Companies	Number of Board Committee memberships held in other Companies
1.	Shri Sanjay Kumar Sanghi#	Managing Director and Promoter Director	3	Nil
2.	Shri Ritesh Kumar Sanghi	Non-Executive and Promoter Director	3	Nil
3.	Shri Vinod Kumar Agarwal	Non-Executive and Independent Director	3	3
4.	Shri Sunder Kanaparthi	Non-Executive and Independent Director	Nil	3
5.*	Shri Vempati Ram Prasad	Non-Executive and Independent Director	Nil	3

# Appointed as Managing Director w.e f 29.04.2007

\* Appointed w.e.f 17.01.2007