

NARBADA GEMS AND JEWELLERY LIMITED



**SIXTEENTH ANNUAL REPORT
2007-2008**

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NARBADA GEMS AND JEWELLERY LIMITED

BOARD OF DIRECTORS

DIRECTORS

Shri Sanjay Kumar Sanghi
Shri Ritesh Kumar Sanghi
Shri Vinod Kumar Agarwal
Shri Sunder Kanaparthi
Shri Ram Prasad Vempati

AUDITORS

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

BANKERS

State Bank of India
Commercial Branch
Koti, Hyderabad

REGISTERED OFFICE

"Sadana Building, 1st 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- 23203028
Email : cilsec@rediffmail.com

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of NARBADA GEMS & JEWELLERY LTD will be held on Monday the 29th September, 2008 at 11.30A.M at J.S.Krishna Murthy Hall, FAPCCI Bhavan, 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 31st March, 2008 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 Sunder Kanaparthu who retires by rotation and being eligible, offers, himself for reappointment.
3. To appoint a Director in place of Shri Vempati Ram Prasad who retires by rotation and being eligible, offers, himself for reappointment.
4. To appoint the auditors and fix their remuneration.

Place: Hyderabad
Date: 25.06.2008

By order of the Board
Sd/-

SANJAY KUMAR SANGHI
Managing Director



NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE 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 Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September, 2008 to 29th September, 2008 (both days inclusive) for the purpose of Annual General Meeting
3. All correspondence and share transfer documents must be addressed to the Share Transfer Agents.
4. 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.
5. Members holding shares in physical and electronic form are required to inform immediately the changes, if any, in their address of Share Transfer Agents.

DIRECTORS' REPORT

Your Directors hereby present the Sixteenth Annual Report of the Company together with the Audited Accounts of your Company for the year ended 31st March 2008.

FINANCIAL RESULTS:

Your Company's performance during 2007-2008 is summarized below:

(Rs. in lakhs)

Sl. #	Particulars	2007-08	2006-07
1.	Sales	688.07	127.64
2.	Other Income	0.78	19.16
3.	Stock-in -Hand	64.44	0.00
4.	Total Income (1+2)	753.29	146.80
5.	Expenditure	705.82	124.19
6.	Profit / Loss before depreciation and Misc. Exp written off (4-5)	47.47	22.61
7.	Depreciation	0	0
8.	Misc. Exp. written off	0.02	52.24
9.	Net Profit (+) / Loss (-) [6-(7+8)]	47.45	-29.63

BUSINESS REVIEW :

In the full year of operations ended 31.03.2008, the Company generated sales of Rs. 688.07 lakhs as against Rs. 127.64 lakhs in previous year due to substantial increase in the price of gold and gold products. The raw materials also got pricier thereby not allowing the Company to generate better profitability. However due to better Seasonal Demands for jewellery, specially for some occasions and as well in the trendy jewellery items, the sales picked up. The marginal profits have not allowed the Board of directors to recommend any dividend.

FUTURE OUTLOOK :

The Management of the Company is planning to launch few more brands of the Jewellery so as to attract all groups of people and to tap the market demands in both ornamental and studded jewellery products. The Management of the company is also proposing to export the products with traditional Indian designs of ornamental and studded jewellery products to various other countries in order to increase the Revenues of the Company.

Due to increase in prices of Gold, the sales have shown a decline but the Company can foresee a better current year on account of large range of products / brands being planned for all segment of the consumers in India and abroad.

DIRECTORS:

Mr.Sunder Kanaparthi and Mr. Vempati Ram Prasad retires by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

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 31st March 2008, 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 31st March 2008 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 31st March 2008, ongoing 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
of Narbada Gems and Jewellery Limited**

Place: Hyderabad
Date: 25.06.2008

Sd/-
(Sanjay Kumar Sanghi)
Managing Director

Sd/-
(V.K.Agarwal)
Director

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	2007-08	2006-07
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased : Units (KWH)	Nil	Nil
Total Amount (Rs.)		
Rate/Unit (Rs.)		
b) Own Generation		
Through diesel generator: Units (KWH)	Nil	Nil
Units per litre of diesel oil		
Cost per Unit (Rs.)		
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Electricity consumption Per kg of precious metals	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	2007-08	2006-07
a) Foreign Exchange earned (Recovery of old dues from Sundry Debtors)	Nil	Nil
b) Foreign Exchange used:	Nil	Nil

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
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	Nil	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 27.04.2007

A. Guidelines:

The Company has been adopting the guidelines set forth for proper corporate governance with respect to the various matters that need to be placed before the Board for its considerations and approvals.

B. Scheduling and selection of Agenda Items for Board Meeting:

- i) According to the Companies Act, 1956, the Company is under legal obligation to hold minimum of four Board Meetings in a year with one meeting held in each quarter. The Board Meeting will be duly called and convened by giving proper notice to all the directors of the Company. The Board is also authorised to pass any resolution of urgent nature by circulation subject to the compliance of provisions of Companies Act, 1956.
- ii) The meetings are usually held at the Registered Office of the Company in Hyderabad.
- iii) The Agenda for the meeting is prepared in consultation with the Managing Director/ Director keeping in view all the matters including operational matters to be discussed by the Board.

C. Board Material Distributed in Advance:

- i) Notice of the Board Meeting and the notes to agenda are sent to all the Directors of the Company in advance.
- ii) Any sensitive matter may be discussed at the meeting without prior intimation to directors in exceptional circumstances.

D. Recording minutes of proceedings at Board Meeting:

The minutes of the proceedings of each Board and Committee Meeting is prepared and approved by the Chairman within 30 days from the conclusion of the meeting.

2.3. Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies:

Sl. #	Name of the Director	Attendance	
		Board Meetings	AGM held On 29 th December, 2007.
1.	Shri Sanjay Kumar Sanghi	5	Present
2.	Shri Ritesh Kumar Sanghi	5	Present
3.	Shri Vinod Kumar Agarwal	5	-
4.	Shri Sunder Kanaparthi	5	Present
5.	Shri Vempati Ram Prasad	1	Present