


# 17<sup>th</sup>

## ANNUAL REPORT 2008-09

# NARBADA

## GEMS AND JEWELLERY LIMITED

※ certified copy ※  
For NARBADA GEMS AND JEWELLERY LTD.

  
Managing Director

## CONTENTS

	Page No.
Notice .....	3
Directors' Report .....	4
Report on Corporate Governance .....	7
Management Discussion and Analysis Report .....	15
Auditors' Report .....	18
Balance Sheet .....	22
Profit and Loss Account .....	23
Schedules forming part of Accounts .....	24
Significant Accounting Policies .....	26
Cash Flow Statement .....	28
Balance Sheet Abstract and Company's General Business Profile .....	30
Attendance Slip .....	31

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## **NARBADA GEMS AND JEWELLERY LIMITED**

### **DIRECTORS**

Shri Sanjay Kumar Sanghi (Managing Director)  
Shri Ritesh Kumar Sanghi  
Shri Vinod Kumar Agarwal  
Shri Sunder Kanaparthi  
Shri Ram Prasad Vempati

### **REGISTERED OFFICE**

"Sadana Building, 1<sup>st</sup> Floor,,  
3-6-290/18, Hyderaguda  
Hyderabad-500029

### **BANKERS**

State Bank of India  
Commercial Branch  
Koti, Hyderabad

### **AUDITORS**

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

### **DEPOSITORY REGISTRAR & SHARE TRANSFER AGENTS**

M/s CIL SECURITIES LIMITED  
208, Raghav Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad-500001  
Phone: 23202465 Fax 040-23203028  
E-mail: [cilsec@rediffmail.com](mailto:cilsec@rediffmail.com)

## NOTICE

NOTICE is hereby given that 17th Annual General Meeting of members of M/s NARBADA GEMS & JEWELLERY LIMITED will be held on Wenesday the 30<sup>th</sup> day of September 2009, at 11.00 A.M at Rajasthani Graduates Associates, Snatak Bhavan, Abids, Hyderabad, to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009, and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon,.
2. To appoint a Director in place of Shri Vinod Kumar Agarwal who retires by rotation and being eligible himself for reappointment.
3. To appoint a Director in place of Shri Ritesh Kumar Sanghi who retires by rotation and being eligible himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

Place: Hyderabad  
Date: 31.08.2009

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 to be the member of the Company. The instrument appointing the 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 25<sup>th</sup>, September 2009 to 30<sup>th</sup> September 2009 (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. Member who hold shares in dematerialized form are requested to bring their clients Id and DPID number for easy identification of their attendance at the meeting.
5. Members holding the shares in physical and electronic form are required to inform immediately the changes, if any, in their address to Share Transfer Agents.

**DIRECTORS' REPORT**

To,

The Members

Your Directors have pleasure to present the Seventeenth Annual Report of the Company together with the Audited Accounts of Your Company for the year ended 31<sup>st</sup> March, 2009

**FINANCIAL RESULTS**

Your Company's performance during the year 2008-2009 is summarized below:

(Rs. in lakhs)

Sl. #	Particulars	2008-09	2007-08
1.	Sales	222.27	688.07
2	Other Income	-	0.78
3.	Stock in hand	-	64.44
4	<b>Total Income (1+2+3)</b>	<b>222.27</b>	<b>753.29</b>
5	Expenditure	212.11	705.82
6	<b>Profit / (Loss) before depreciation and Tax Expenses</b>	<b>10.16</b>	<b>47.47</b>
7	Depreciation	0	0
8	Tax Expenses	0.02	0.02
9	<b>Net Profit after Tax</b>	<b>10.13</b>	<b>47.45</b>
10	Earning Per Share	0.18	0.88

**BUSINESS REVIEW**

Your Company has also suffered the vagaries of the recessionary pressure that set in last year and the slack operations during the year ended 31.03.2009 could generate sales of Rs 222.27 lakhs only as against sale of Rs 688.07 Lakhs during the previous Year. The huge drop in sales in the entire jewellery industry due to dipping purchasing power of the customers. Even the festival seasons could not bring required turnaround and boost to sales. This has resulted in lower profits due to the high administrative costs and the profits dipped to Rs. 10.16 lakhs as against Rs. 47.47 lakhs in previous year.

**DIVIDEND:**

Your directors have not recommended any dividends for the year 2008-09.

**FUTURE OUTLOOK**

The Company had planned to launch few brands to position itself into various customer segments. The plans could not be implemented due to the recessionary pressure and it was found prudent to hold the plans for sometime. Recently, the markets have started showing recovery in few segments and it is perceived that the jewellery market will also pick with the onset of festive season starting Dussera. The Company has used the time to build up a strategy to give a boost to exports which were started last year and a customer base was made. The Company is making efforts to enlarge the spectrum of products in traditional and diamond jewellery and is all set to embark upon a Brand building exercise in near future.

The Company has also drawn up plans for embarking upon a scheme of restructuring in order to attract fresh capital to be able to prepare itself for growth when the markets start to show positive signs of revival.

**DIRECTORS**

Shri Vinod Kumar Agarwal and Shri Ritesh Kumar Sanghi retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Their respective profiles are given elsewhere in the report. Your Directors recommend their re-appointment.

**FIXED DEPOSIT**

Your Company has not accepted any fixed deposits from 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:** Pursuant to Section 217 (2AA) of the Companies Act, 1956.

The Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended on 31<sup>st</sup> March 2009, 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 2009 and of the profit 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 2009, ongoing concern basis.

**INDUSTRIAL AND PERSONNEL RELATIONS:**

The relationship between the management and the employees 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, as amended, 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 attached to the report.

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENT**

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

**For and on behalf of the Board of Directors**

Place: Hyderabad  
Date: 31.08.2009

Sd/-  
(Sanjay Kumar Sanghi)  
Managing 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	2008-09	2007-08
<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>	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****(in Rupees)**

Particulars	2008-09	2007-08
a) Foreign Exchange earned	Nil	Nil
b) Foreign Exchange used:	Nil	Nil

**ANNEXURE- 2****REPORT ON CORPORATE GOVERNANCE**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange which contemplates compliances with the Code of Corporate Governance. It has been the constant endeavor of the Company to adhere to these Standards and hereby enhance the value of all the Shareholder with the following as main pillars:

- Transparency
- Accountability
- Fair & Equal treatment to all shareholders
- Compliance with regulation
- Ethical Practices
- Maximization of shareholder value.

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

**2. Board of Directors:****2.1. Composition:**

The Board of Director consists of 5 Directors as on date. The Composition and category of Director and the 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	3	3
4.	Shri Sunder Kanaparthi	Non-Executive and Independent Director	Nil	3
5.	Shri Vempati Ram Prasad	Non-Executive and Independent Director	2	3



**2.2. Board Meeting and Procedures:****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 required 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 authorized 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 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 <sup>th</sup> September, 2008.
1.	Shri Sanjay Kumar Sanghi	4	Present
2.	Shri Ritesh Kumar Sanghi	4	Present
3.	Shri Vinod Kumar Agarwal	4	-
4.	Shri Sunder Kanaparthu	2	Present
5.	Shri Ram Prasad Vempati	4	Present

**2.3. Number of Board Meetings held and the dates on which held**

Four (4) Board Meetings were held during the year 2008-09 on the 25<sup>th</sup> June, 2008, 28<sup>th</sup> July 2008, 31<sup>st</sup> October 2008 and 29<sup>th</sup> January, 2009.

**3. AUDIT COMMITTEE:****3.1 Composition:**

The reconstituted Audit Committee of the Company comprises of Three independent namely Shri V.K Agarwal, Shri K. Sunder and Shri V. Ram Prasad.. Shri V. Ram Prasad is the Chairman of the Committee.

**3.2 Terms of Reference**

The terms of reference of the Audit committee includes the following:

1. To review the quarterly, half yearly and annual financial results of the Company before submission to the Board.
2. To oversee the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. To hold periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the company, internal control systems, scope of audit and observations of auditors.
4. To make recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.
5. To recommend the appointment and removal of external auditors, fixation of audit fees and also approval of fee for any other services by the auditors.
6. To investigate into any matter in relation to items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board, and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.
7. T To make recommendations to the Board on any matter relating to the financial management of the Company.

**3.3. Meeting and attendance during the year:**

The meetings of the Audit Committee were held on 25<sup>th</sup> June, 2008, 28<sup>th</sup> July 2008, 31<sup>st</sup> October 2008 and 29<sup>th</sup> January, 2009. The Committee reviewed the Financial statements before being placed before the Board for approval.

**4. Remuneration Committee:**

The Remuneration Committee comprises of Shri V.K Agarwal, Shri K. Sunder and Shri V. Ram Prasad as Members and Shri V.K Agarwal is the Chairman. Since none of the Directors or Senior level Managers were drawing substantial remuneration, no meetings of the Committee were held during the period ended 31<sup>st</sup> March, 2009.