



18th

ANNUAL REPORT 2009-10

NARBADA
GEMS AND JEWELLERY LIMITED

CONTENTS

	Page No.
Notice.....	3
Director's Report	4
Report on Corporate on Corporate Governance.....	7
Management Discussion and Analysis Report	15
Auditors' Report	18
Balance Sheet	22
Profit and Loss Accounts.....	23
Schedules forming a 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

NARBADA GEMS AND JEWELLERY LIMITED

BOARD OF DIRECTORS

DIRECTORS

Managing Director-

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, Hyderaguda.
Hyderabad-500029

DEPOSITORY REGISTRAR & SHRE 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

NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of Members of M/s NARBADA GEMS & JEWELLERY LIMITED will be held on Wednesday the 29th day of September 2010, at 3.30 P.M at Rajasthani Graduates Associates Bhavan, Abids, Hyderabad, (A.P.) to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, and Profit and Loss Account for the year ended on that date and the reports of the Director and Auditors thereon.
2. To appoint a Director in place of Shri Ritesh Kumar Sanghi who retires by rotation and being eligible himself for reappointment.
3. To appoint a Director in place of Shri V.K Agarwal who retires by rotation and being eligible himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

Place: Hyderabad
Date: 04.09.2010

By order of the Board
Sd/-

SANJAY KUMAR SANGHI
Managing Director
For NARBADA GEMS AND JEWELLERY LTD

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 25th, September 2010 to 29th, September 2010 (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 of Share Transfer Agents.

For NARBADA GEMS AND JEWELLERY LTD


Managing Director

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure to present the Eighteenth Annual Report of the Company together with the Audited Accounts of Your Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

Your Company's performance during the year 2009-2010 is summarized below:

(Rs. in lakhs)

S.No	Particulars	2009-10	2008-09
1.	Sales	217.53	222.27
2	Other Income	14.45	—
3.	Stock in hands	12.95	—
4	Total Income (1+2+3)	245.03	222.27
5	Expenditure	233.63	212.11
6	Profit / Loss Accounts before depreciation and Misc. Exp. Written off (4-5)	11.40	10.16
7	Depreciation	0	0
8	Misc. Expenditure written off	0	0.02
9	Net Profit	11.40	10.13
10	Earning Per Share	0.21	0.18

BUSINESS REVIEW

Your Company experienced a small decline in sales in the current year to Rs. 217.53 lakhs compared to last year sales of Rs. 222.27 lakhs. The demand for jewellery and gems has not been able to pick up alongside the start of recovery of markets after the recessionary phase. The fears of slow growth of American and European economies have brought the respective currency values down and consequently the prices of Gold and Silver have witnessed quantum jump which has resulted in lower sales for the Company. The Company witnesses demand from HNI's who are now buying bullion to offset the loss on other investments. On the other hand, the decline in disposable incomes of large base of customers and due to increase in high purchasing cost, the savings of middle class has drastically declined, which resulted in the low demand for jewellery. Even after testing market conditions and high administrative costs, the Company has maintained profit of Rs.11.40 lakhs against Rs. 10.16 lakhs in the previous year due to various austerity measures implemented.

DIVIDEND :

Due to inadequate profits and in order to conserve resources for expanding the business. Your Directors have opined to not recommend any dividend for the year 2009-10.

FUTURE OUTLOOK

The Company had planned to launch few brands to position itself into various customer segments which could not take off due to pressing market conditions. However, since the world economies are on recovery path, the future looks optimistic and therefore the Company has tied up with a major jewellery manufacturing company for exclusive Distribution network in Andhra Pradesh. 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 has perceived the need for own manufacturing facilities and therefore is planning to create a strategic alliance for the purpose in near future for a precious stone jewellery. This will enable the Company to launch its own brands and penetrate the markets far and deep and this in turn would entail into building a Brand Value and visibility. The Promoters are committed to take the Company to cross Rs. 10 crores turnover in year ending March, 2011.

DIRECTORS

Shri. Ritesh Kumar Sanghi and Shri V.K Agarwal 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:

The Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended on 31st March 2010, 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 2010 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 2010, 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, 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

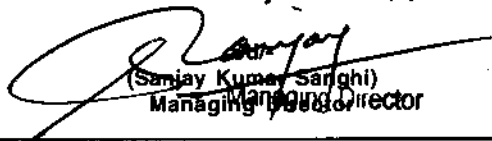
The Corporate Governance and Management Discussion Analysis Report are annexed hereto as Annexure – 2 & 3 respectively and they form part of Director' Report

ACKNOWLEDGEMENT

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

For NARBADA GEMS AND JEWELLERY LTD For and on behalf of the Board of Directors

Place: Hyderabad
Date: 04.09.2010


(Sanjay Kumar Sanghi)
Managing Director

Sd/-
(Ritesh Kumar Sanghi)
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	2009-10	2008-09
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased : Units (KWH)	13.456	Nil
Total Amount (Rs.)	80737.00	Nil
Rate/Unit (Rs.)	6.00	Nil
b) Own Generation		
Through diesel generator: Units (KWH)	Nil	
Units per litre of diesel oil		
Cost per Unit (Rs.)		
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Electricity consumption	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	2009-10	2008-09
a) Foreign Exchange earned (Recovery of old dues from Sundry Debtors)	Nil	Nil
b) Foreign Exchange used:	Nil	Nil

REPORT ON CORPORATE GOVERNANCE

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. The Company has always believed in managing its affairs with diligence, transparency, responsibility and accountability. It is firmly believed that good corporate governance practices would ensure efficient conduct of the affairs of the company and help the company achieve in its goal of maximizing stakeholder's 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.

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:

Name	Designation	Category	No. of other Director - Ships	No. of Board Committee Membership held
Shri Sanjay Kumar Sanghi	Managing Director	Promoter & Executive	3	Nil
Shri Ritesh Kumar Sanghi	Director	Promoter & Non-Executive	3	Nil
Shri Vinod Kumar Agarwal	Director	Non- Executive - Independent	3	3
Shri Sunder Kanaparthi	Director	Non – Executive - Independent	Nil	3
Shri Ram Prasad Vempati	Director	Non- Executive - Independent	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 is 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:

Sl. #	Name of the Director	Attendance	
		Board Meetings	AGM held On 30 th September, 2009.
1.	Shri Sanjay Kumar Sanghi	5	Present
2.	Shri Ritesh Kumar Sanghi	5	Present
3.	Shri Vinod Kumar Agarwal	4	Present
4.	Shri Sunder Kanaparthi	2	Not present
5.	Shri Ram Prasad Vempati	5	Present

2.4. Number of Board Meetings held and the dates on which held

Five (5) Board Meetings were held during the year 2009-10 on 30.04.2009, 30.07.2009, 31.08.2009, 28.10.2009 and 28.01.2010.

2.5. Code of Ethics

The Company has prescribed a code of ethics for its directors and senior management. The declaration from the Executive Director stating that all the directors and the senior management of the Company have affirmed compliance with the code of ethics for the financial year 2009-10 has been reproduced below:-

Declaration – Code of Conduct

This is to confirm that the Board has laid down a code of conduct for all Directors and senior management personnel of the Company. It is further confirmed that all Directors and Senior Management personnel of the Company have affirmed compliance with the code of conduct of the Company for the financial year ended on 31st March 2010, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place: Hyderabad

Date: 04.09.2010

For Narbada Gems & Jewellery Limited

Sd/-

Sanjay Kumar Sanghi
Managing Director

2. AUDIT COMMITTEE:**3.1 Composition:**

S No.	Name of the Director	Status
1.	Shri Ram Prasad Vempati	Chairman
2.	Shri Sunder Kanaparthi	Member
3.	Shri Vinod Kumar Agarwal	Member