



Narbada

Gems & Jewellery Limited



19th

ANNUAL REPORT

2010-11

NARBADA



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Narbada

Gems & Jewellery Limited

BOARD OF DIRECTORS

Chairman - Emeritus
Managing Director-
Director-
Director-
Director-
Director-

Shri Hanumanth Rai Sanghi
Shri Sanjay Kumar Sanghi
Shri Ritesh Kumar Sanghi
Shri Vinod Kumar Agarwal
Shri Praveen Kumar
Shri Ram Prasad Vempati

Company Secretary and
Compliance Officer

Ms Chanchal Agarwal (w.e.f. 01.09.2011)

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 19th Annual General Meeting of Members of M/s **NARBADA GEMS & JEWELLERY LIMITED** will be held on Thursday the 29th day of September 2011, at 4.00 P.M at Rajasthani Graduates Associates Association, "Snatak 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, 2011, 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 Ram Prasad Vempati who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Sanjay Kumar Sanghi who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Auditors and 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. Praveen Kumar, who was appointed as an Additional Director by the board of Directors of the Company and who holds the office as per Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to the provisions of 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."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps and to do all such things and deeds incidental thereto, as may be considered necessary, proper and expedient to give effect to this resolution."

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

"RESOLVED THAT subject to the approval of the Central Government (Regional Director, South East, Hyderabad) pursuant to the provisions of Section 297 of the Companies Act, 1956, read with General Circular No. 52/2011 dated 25th July, 2011, the approval of the Company be and is hereby accorded for the contracts entered / to be entered into with M/s Sanghi Jewellers Private Limited for the period from 1st October, 2011 for upto 3 (Three) years for the supply of various manufactured products and rendering of job work and allied services and consolidation of total value of Rs. 15,50,00,000 during the period proposed to be entered into between the Company and M/s Sanghi Jewellers Private Limited as under: -

S.No	Name of the Contracting entity	Period of Contract	Total Value of Contract (Rs.)
1.	Sanghi Jewellers Private Limited	01.08.2011 - 31.03.2014	15,50,00,000/-

"RESOLVED FURTHER THAT Mr. Sanjay Kumar Sanghi, Managing Director and/or Mr. Ritesh Kumar Sanghi and Mr. V. Ram Prasad, Directors of the Company, be and are hereby severally authorised to make an application in the prescribed e-Form to the Central Government (Regional Director, South Eastern Region, Hyderabad) for seeking

approval and to make necessary entries in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and to comply with all other statutory requirements in this regard."

Place: Hyderabad

Date: 29.08.2011

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 **25th September, 2011 to 29th September, 2011** (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.
6. The Explanatory Statement u/s 173(2) of the Companies Act, 1956 for Item no. 5 and 6 is attached herewith.
7. The details pertaining to Directors liable to retire by rotation and directors proposed to be appointed as required to be provided pursuant to the Listing Agreement with the Stock Exchanges are as follows:

S.No	Particulars	Mr. Sanjay Kumar Sanghi	Mr. Ram Prasad Vempati	Mr. Praveen Kumar
1.	Designation	Managing Director	Director	Additional Director
2.	Date of Birth	08.07.1968	06.12.1956	17.10.1971
3.	Date of Appointment	14.10.2006	14.01.2007	31.01.2011
4.	Qualifications	Bachelor of Commerce	Bachelor of Commerce	Bachelor of Commerce
5.	Expertise in specific functional area	He is a Certified Gemologist and a visionary. He has an experience of more than 25 years in the field of Jewellery Industry.	Expert in Finance planning, Finance resourcing and advocating on suitable finance controls.	Fairly good experience of more than 20 years in the field of jewellery industry.
6.	Directorships held in other public companies as on 31.03.2011	Nil	R.V.K Enterprises and Exports Limited	Hifunda Limited
7.	Number of shares held in the Company	12,84,180	Nil	Nil

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Board of Directors of the Company appointed Mr. Praveen Kumar as an 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 was received proposing his appointment as a Director of the Company under Section 257 of the Companies Act, 1956. Hence the resolution in Item no. 5 is placed before the members for approval.

The Board recommends for approval of the resolution in Item no. 5.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

Item No. 6

The members are hereby informed that the Promoter Group has been extending support for the growth of the business of the Company by way of arranging for the manufacturing activities, sale and purchase of products. In this effort, Sanghi Jewellers Private Limited, a sister concern for the Company wherein the two Promoter Directors of Narbada Gems and Jewellery Limited Mr. Sanjay Kumar Sanghi and Mr. Ritesh Kumar Sanghi are also the Promoter directors of M/s Sanghi Jewellers Private Limited, have been assisting the Company in growth of its business through their marker presence for last 25 years.

The Promoter group directors Mr. Sanjay Kumar Sanghi and Mr. Ritesh Kumar Sanghi are the interested persons in these contracting entity namely Sanghi Jewellers Private Limited and therefore the Company is required to seek approval of the Central Government u/s 297 of the Companies Act, 1956 for entering into contracts estimated to be for Rs. 1550 lakhs over next 3 years.

The Board hereby declares that:-

- (i) Proposed contract is competitive, at an arm's length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties.
- (ii) The company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon and has filed its upto date Balance Sheets and Annual Returns with the Registrar of Companies;
- (iii) The proposed contract is falling within the provisions of section 297 of the Act and provisions of sections 198, 269, 309, 314 and 295 are not applicable in the proposed contract.
- (iv) The company and its Directors have complied with the provisions of sections 173, 287, 299, 300, 301 and other applicable provisions of the Companies Act, 1956 with regard to the proposed contract.

The members are requested to consider the matter and approve the contracts entered / to be entered by the Company and pass the above stated resolution.

Hence the resolution in Item no. 6 is placed before the members for approval.

The Board recommends for approval of the resolution in Item no. 6.

None of the Directors of the Company other than Mr. Sanjay Kumar Sanghi and Mr. Ritesh Kumar Sanghi, being interested Directors, is in any way concerned or interested in the proposed resolution.

DIRECTORS' REPORT

To,
The Members

Your Directors have pleasure to present the Nineteenth Annual Report of the Company together with the Audited Accounts of Your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

Your Company's performance during the year 2010-2011 is summarized below:

(Rs. in lakhs)

S.No	Particulars	2010-11	2009-10
1.	Sales	285.42	217.53
2	Other Income	1.11	14.55
3.	Stock in hand	101.87	12.95
4	Total Income (1+2+3)	388.40	245.03
5	Expenditure	372.36	233.63
6	Profit / Loss Accounts before depreciation and Misc. Exp. Written off (4-5)	16.04	11.40
7	Depreciation	.03	0
8	Misc. Expenditure written off	0	0
9	Net Profit	16.01	11.40
10	Earning Per Share	0.30	0.21

BUSINESS REVIEW

Your Company experienced a more than 30% rise in sales in the current year as compared to last year sales from Rs. 217.53 lakhs to Rs. 285.42 lakhs mainly due to increase in gold prices. Due to the persistent increase in the gold rates the quantum demand for gold jewellery is declining among the customers. In order to cope up with the present scenario the Company has planned certain business strategies to penetrate and capture the retail market due to which the Company has managed to attain a reasonable growth which resulted in the increase in the profit from Rs. 11.40 lakhs to Rs. 16.01 lakhs.

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 2010 -11.

FUTURE OUTLOOK

The Company has tied up with major jewellery manufacturing company for exclusive Distribution network in Andhra Pradesh. There are plans to start the manufacturing segment in the Company to facilitate fast and effective growth and expansion of the Company. Proper strategic planning is being made by the management to analyze and evolve the best process for implementing the idea about manufacturing jewellery using advanced and sophisticated technology which will be cost effective to increase the profit earning capacity of the Company and also creating its own brand. Also plans are being formulated to launch exclusive jewellery brands to foray into retail and fashion jewellery.

DIRECTORS

Shri Sanjay Kumar Sanghi and Shri Ram Prasad Vempati retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. During the year, Mr. K. Sunder resigned from the Board. The Board places on record its appreciation for services rendered by Mr. K. Sunder during his tenure. Mr. Praveen Kumar was appointed as an Additional Director and his term expires at the ensuing Annual general Meeting. The Board recommends his appointment as Director liable to retire by rotation. 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. The comments made by the Auditors in their report, if any, have been dealt with in the Notes on Accounts and do not require further comments from Board of Directors.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended on 31st March 2011, 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 2011 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 2011, 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.

LISTING:

The shares of your company are listed on Madras Stock Exchange Limited, Delhi Stock Exchange Association Limited and the Bombay Stock Exchange. The Company has duly complied with all the applicable provisions of the Listing Agreement

SUBSIDIARIES:

There are no subsidiaries to the Company as on date of the report.

CODE OF CONDUCT

The Company has adopted a uniform Code of Conduct for Directors and Senior Management Personnel to ensure ethical standards and further compliance to such standards. The object of the code is to conduct the Company's business ethically with responsibility, integrity, fairness, transparency and honesty.

INSURANCE

The properties and assets of your Company are adequately insured.

CORPORATE GOVERNANCE

The Code of Corporate Governance promulgated by Securities & Exchange Board of India is being implemented by your Company on a continuous basis. The Code of Corporate Governance as per Clause 49 of the Listing Agreement is attached herewith. The Compliance Certificate on Corporate Governance received from the Statutory Auditors is also given as an Annexure to this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude for the assistance and co-operation extended by Government Authorities, Bankers and other business associates along with our esteemed Shareholders and employees.

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

Place: Hyderabad
Date: 29.08.2011

**Sd/-
(Sanjay Kumar Sanghi)
Managing Director**

**Sd/-
(Ritesh Kumar Sanghi)
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	2010 -11	2009 -10
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased : Units (KWH)	31.648	13.456
Total Amount (Rs.)	221951.00	80737.00
Rate/Unit (Rs.)	7.013	6.00
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	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	2010-11	2009-10
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 Board of Directors are focused on meeting their prime objective of maximization of shareholders wealth. The Listing Agreement entered into by the Company with the Stock Exchanges contemplates for compliance with the Code of Corporate Governance. The Company conducts its affairs with a blend of the following aspects in their required proportions:

- Prudence
- Transparency
- Accountability
- Impartial treatment for all shareholders
- Operating under the purview of the statute.
- Ethical Practices
- Shareholder's wealth maximization

As a part of the compliances of the 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	4	Nil
Shri Vinod Kumar Agarwal	Director	Non- Executive - Independent	2	3
Shri Sunder Kanaparthi*	Director	Non – Executive - Independent	Nil	3
Shri Ram Prasad Vempati	Director	Non- Executive - Independent	3	3
Shri Praveen Kumar	Additional Director	Non- Executive - Independent	1	3

*Resigned with effect from 4th May, 2011

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.