



28th ANNUAL REPORT

2 0 1 9 - 2 0 2 0

NARBADA GEMS AND JEWELLERY LIMITED



CONTENTS

Particulars	Page Nos.
Notice	3-19
Directors' Report with Annexures	20-48
Certificate for non-disqualifications of Directors	49
Management Discussion and Analysis Report	50-57
Certificate on Corporate Governance	58
Compliance Certificate	59
Independent Auditors' Report	60-69
Financial Statements	70-72
Schedules forming a part of Accounts	73-79
Significant Accounting Policies	80-93

BOARD OF DIRECTORS

Shri Sanjay Kumar Sanghi	- Managing Director
Shri Ritesh Kumar Sanghi	- Director
Smt. Bhavna Sanghi	- Director
Shri Siddharth Goel	- Independent Director
Shri Ramprasad Vempati	- Independent Director
Shri Praveen Kumar Agarwal	- Independent Director (upto 11.08.2020)
Shri Vinod Agarwal	- Independent Director (upto 14.11.2019)
Shri Sunil Garg	- Additional Director (Independent) (w.e.f 27.08.2020)
Mr. Bajranglal Agarwal	- Chief Financial Officer
Mr. Ashish Kumar Gupta	- Company Secretary (resigned w.e.f 28.09.2019)
Mr. Nitin Agarwal	- Company Secretary (w.e.f. 28.08.2020)

AUDITORS

M/s Anant Rao & Mallik
Chartered Accountants,
B-409/410, Kushal Towers,
Khairatabad Hyderabad-500004

BANKERS

KOTAK MAHINDRA BANK LTD
STATE BANK OF INDIA
ICICI BANK

REGISTERED OFFICE

3-6-291/4/B, 2nd Floor,
Hyderguda, Hyderabad- 500029

REGISTRAR & SHARE TRANSFER AGENTS

CIL Securities Limited
208, Raghava Ratna Towers,
Chirag Ali Lane, Abids
Hyderabad- 500001
Phone: 040- 23202465; Fax: 010-23203028
Email: rta@cilsecurities.com

NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of **NARBADA GEMS AND JEWELLERY LIMITED** will be held Friday, 11th December, 2020 at 12:00 P.M. through Video Conferencing (VC)/ Other Audio Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements for the year ended on 31st March ,2020 and the Report of the Board of Directors and Auditors thereon.
2. To appoint director in place of Shri Ritesh Kumar Sanghi, Director (DIN: 00628033), who retires by rotation and being eligible, offers himself for re-appointment.
3. To Appoint M/s. Anant Rao & Mallik., Chartered Accountants (Firm Registration No. 006266S) as Statutory Auditors of the Company for a period of 5 years.

To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary:-

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors Rules, 2014 (the Rules), including any statutory modification(s) or re-enactment(s) thereof for the time being in force and pursuant to recommendation made by the Board of Directors M/s. Anant Rao & Mallik, Chartered Accountants (Firm Registration No. 006266S), Hyderabad, be and are hereby appointed as Statutory Auditors of the Company for a period of 5 consecutive years who shall hold office from the conclusion of this Annual General Meeting till the conclusion of 33rd Annual General Meeting to be held in 2025 at such remuneration and reimbursement out-of-pocket expenses incurred in connection with the audit carried out by them as may be agreed between the Auditors and Board of Directors from time to time.”

SPECIAL BUSINESS:

4. **To appoint Shri Sunil Garg as an Independent Director of the Company, and in this regard, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under as read with Schedule IV to the Act, as amended from time to time, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and in accordance with the Articles of Association of the Company, Shri Sunil Garg, who was appointed as Additional Director and proposed by the Board to be appointed as Independent Director at Board meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and recommendation of the Nomination and Remuneration Committee of the Board, be and is hereby appointed as an Independent Director of the Company w.e.f 11th December, 2020, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board, without any remuneration.”

5. **To approve the Related Party Transactions of the Company, and in this regard, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 (“the Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and in accordance with the Company’s policy on Related Party transaction(s), approval of the members be and is hereby accorded to enter at prevailing market rates and at arm’s length basis and in the ordinary course of business of the Company with the related parties, as follows:

Sl. No.	Name of related parties	Nature of relationship	Type of Contract/ Transaction	Transaction Limit	Duration
1.	Sanghi Jewellers Private Limited	Company having common directors	Purchase/ sale of various manufactured products and availing Jobwork services.	Rs. 20,00,00,000/- (Rupees Twenty Crores only)	From 01.10.2020 to 30.09.2021
2.	Uday Jewellery Industries Limited	Company having common directors	Sale/ purchase of various manufactured products	Rs. 20,00,00,000/- (Rupees Twenty Crores only)	From 01.10.2020 to 30.09.2021

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company and to do all such acts, deeds, matters and things as may be considered necessary or expedient to give effect to this resolution.”

6. **To approve the preferential issue and Allotment of Equity Warrants of the Company to Promoter/ Promoter Group/ Non Promoter Resident Individuals convertible into equity shares in one or more tranches.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 62(1)(c), 42 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014 and in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any other guidelines and clarifications issued by any other competent authority, from time to time, to the extent applicable including the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to the permissions, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such permissions, sanctions and approval, the consent of the Members be and is hereby accorded to issue and allot upto 91,00,000 warrants (“Equity Warrants”) on a preferential basis for Rs. 17.00 per warrant, each convertible into one Equity Share of face value of Rs. 10/- each at a premium of Rs. 7/- per share, within a period of 18 (Eighteen) months from the date of allotment of Equity

Warrants, from time to time in one or more tranches, at a price to raise Rs. 15,47,00,000 (Rupees Fifteen Crores Fourty Seven Lakhs only) (including the warrant subscription price and the warrant exercise price) of Rs.17.00/- each aggregating Rs. 15,47,00,000/- (Rupees Fifteen Crores Fourty Seven Lakhs only) , subject to any price adjustments, in accordance with the provisions of Chapter V of the ICDR Regulations or other applicable laws.”

“RESOLVED FURTHER THAT, in accordance with the provisions of Chapter V of the ICDR Regulations, the “Relevant Date” for the purpose of calculating the price for the issue of Equity Shares pursuant to the Issue and exercise of the Equity Warrants will be 30 days prior to the date of the Twenty Eighth Annual General Meeting.”

“RESOLVED FURTHER THAT the said Equity Warrants shall be issued to the proposed allottees within a period of 15 days from the date of passing of this resolution provided that where the allotment of the said Equity Warrants is pending on account of pendency of any approval for such issue by any regulatory authority or the Central Government, the issue shall be completed within a period of 15 days from the date of such approval.”

“RESOLVED FURTHER THAT a Committee of the Board of Directors be constituted in this regard, with the following members, to do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to appoint any professional advisors, Valuers, consultants and legal advisors to give effect to the aforesaid resolution.”

SI No	Name of the Director	Designation
1.	Shri. Sanjay Kumar Sanghi	Chairperson
2.	Shri. Ritesh Kumar Sanghi	Director
3.	Shri. Ramprasad Vempati	Independent Director

“RESOLVED FURTHER THAT without prejudice to the generality of the above, the issue of Equity Warrants shall be subject to following terms:

- a. The Equity Shares to be so allotted on exercise of the Equity Warrants shall be in dematerialized form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company. The Equity Warrants may be exercised by the Equity Warrants holder(s) at any time before the expiry of 18 months from the date of allotment of the Equity Warrants, upon full payment.
- b. An Equity Warrant subscription price equivalent to 25% of the issue price of the Equity Shares will be payable at the time of subscription to the Equity Warrants, as prescribed under ICDR Regulations, which will be kept by the Company to be adjusted and appropriated against the issue price of the Equity Shares. An Equity Warrant exercise price equivalent to the 75% of the issue price of the Equity Shares shall be payable by the Equity Warrant holder(s), in tranches, at the time of exercising the proportionate Equity Warrants.
- c. The issue of the Equity Warrants as well as Equity Shares arising from the exercise of the Equity Warrants shall be governed by the regulations and guidelines issued by SEBI or any other statutory authority, as the case may be or any modifications thereof.

- d. In the event the Equity Warrant holder(s) does not exercise the Equity Warrants within 18 months from the date of allotment of the Equity Warrants, the Equity Warrants shall lapse and the amount paid thereon shall stand forfeited by the Company.
- e. The Equity Warrants issued and allotted to the Promoter Group will be transferable within the Promoter Group subject to the approval of the Board and such other approvals as may be necessary.
- f. In the event of the Company making a bonus issue by way of capitalization of its reserves, or a rights offer by way of issue of new Equity Shares, prior to allotment of Equity Shares resulting from the exercise of the Equity Warrants, the issue price of the Equity Shares to be allotted against such Equity Warrants shall be subject to appropriate adjustment, subject to the SEBI ICDR Regulations and other applicable law.
- g. The Equity Shares to be issued and allotted by the Company on exercise of the Equity Warrants in the manner aforesaid shall rank pari passu in all respects including dividend, with the existing Equity Shares of the Company.
- h. The Equity warrants and the Equity Shares allotted pursuant to exercise of such warrants shall be subject to a lock-in for such period as specified under Chapter V of the ICDR Regulations relating to preferential issues.”

“RESOLVED FURTHER THAT the Board or a Committee thereof be and is hereby authorized to issue and allot such number of Equity Shares of the Company as may be required to be issued and allotted upon exercise of the option in the Warrants held by the holder(s) of the Warrants.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary for giving effect to above resolutions, to file the necessary forms with the Registrar of Companies, Telangana, SEBI, BSE and to authorize all such persons in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and to take all other steps which may be ancillary in this connection.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

For and on behalf of the Board

Sd/-

Sanjay Kumar Sanghi

Managing Director

DIN: 00629693

Date:13.11.2020

Place:3-6-291/4/B, 2nd Floor,
Hyderguda, Hyderabad- 500029

Address:8-2-686/DR/6 and 7, Road No. 12,
Banjara Hills, Hyderabad - 500034

NOTES:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. Annual General Meeting (AGM) will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to a least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.narbadajewellery.com. The Notice can also be accessed from the websites of the Stock Exchanges at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL at www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 07th December, 2020 to 11th December, 2020 (both days inclusive) for the purpose of Annual General Meeting.

9. Shri Ajay S. Shrivastava, Practicing Company Secretary has been appointed as “Scrutinizer” for the Business mentioned to be conducted by e-voting.
10. The Results of the e-voting will be declared by Director by 12th December, 2020, by 05:00P.M. at the Registered Office of the Company at Hyderabad and shall be hosted on the website of the Company; www.narbadajewellery.com. And on the website of the Stock Exchange; www.bseindia.com.
11. The Explanatory Statement under Section 102(1) of the Companies Act, 2013 in respect of Item Nos. 4,5 and 6 is annexed herewith.
12. The details pertaining to Director(s) liable to retire by rotation and director(s) proposed to be appointed/ re-appointed as required to be provided pursuant to the Listing Agreement with the Stock Exchange are as follows:

PROFILE OF THE DIRECTOR RETIRING BY ROTATION: Shri Ritesh Kumar Sanghi, aged about 49 years has rich and varied experience in the field of production processes in which the Company is engaged, as well as in strategy formulation and management. He has an experience of more than 27 years in the jewellery industry. His shareholding in the Company is 16,88,499 Equity shares representing 14.00% of total share capital of the Company as on 31st March, 2020.

His directorships in other public companies as on 31.03.2020 are:

1. Uday Jewellery Industries Limited
2. Trisa Retail Limited

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on **8th December, 2020 at 09:00 A.M and ends on 10th December, 2020 at 05:00 P.M.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off of 7th December, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on “Shareholders” module.
- (iv) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below: