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**Narbada**  
Gems & Jewellery Limited

**BOARD OF DIRECTORS**

Managing Director-  
Director-  
Director-  
Director-  
Director-

Shri Sanjay Kumar Sanghi  
Shri Ritesh Kumar Sanghi  
Shri Vinod Kumar Agarwal  
Shri Praveen Kumar  
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, 1<sup>st</sup> 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](mailto: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 **25<sup>th</sup> September, 2011 to 29<sup>th</sup> 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	<b>Total Income (1+2+3)</b>	<b>388.40</b>	<b>245.03</b>
5	Expenditure	372.36	233.63
6	<b>Profit / Loss Accounts before depreciation and Misc. Exp. Written off (4-5)</b>	<b>16.04</b>	<b>11.40</b>
7	Depreciation	.03	0
8	Misc. Expenditure written off	0	0
9	<b>Net Profit</b>	<b>16.01</b>	<b>11.40</b>
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**

<b>Particulars</b>	<b>2010 -11</b>	<b>2009 -10</b>
<b>A. POWER AND FUEL CONSUMPTION:</b>		
<b>Electricity</b>		
a) Purchased : Units (KWH)	31.648	13.456
Total Amount (Rs.)	221951.00	80737.00
Rate/Unit (Rs.)	7.013	6.00
<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>		
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)

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
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.

**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 29th September, of 2010
1.	Shri Sanjay Kumar Sanghi	5	Present
2.	Shri Ritesh Kumar Sanghi	5	Present
3.	Shri Vinod Kumar Agarwal	3	Present
4.	Shri Sunder Kanaparthi	2	Not present
5.	Shri Ram Prasad Vempati	5	Present
6.	Shri Praveen Kumar	1	Not Present

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

Five (5) Board Meetings were held during the year 2010-11 on 28.04.2010, 29.07.2010, 04.09.2010, 29.10.2010 and 31.01.2011.

**2.4. Code of Ethics**

The Company has prescribed a code of ethics for its directors and senior management. A declaration from Mr. Sanjay Kumar Sanghi, Managing 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 2010-11 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 2011, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

Place: Hyderabad

Date: 29.08.2011

For Narbada Gems & Jewellery Limited

Sd/-

Sanjay Kumar Sanghi  
Managing Director

## **2. AUDIT COMMITTEE:**

Your Company has a qualified and independent Audit Committee. At the beginning of the year i.e. on 1st April, 2010 the Audit Committee comprised of three directors with a Non-Executive Independent Director as the Chairman and two other Non-Executive Independent Directors as members of the Committee. During the year, Mr. Sunder Kanaparth, Non-Executive Independent Director had tendered his resignation to the Company effective 4th May, 2011. Accordingly, the Audit Committee had been reconstituted with the appointment of Mr. Praveen Kumar, Non-Executive Independent Director as a member of the Committee in place of Mr. Sunder Kanaparth. The reconstituted Audit Committee is as follows: -

### **3.1 Composition:**

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

\*Appointed in place of Mr. Sunder Kanaparth on 04.05.2011

### **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. To make recommendations to the Board on any matter relating to the financial management of the Company.
8. Discussion with internal auditors on any significant findings and follow up thereon.

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

The meetings of the Audit Committee were held on 28.04.2010, 29.07.2010, 04.09.2010, 29.10.2010 and 31.01.2011. The Committee reviewed the financial statements before being placed before the Board for approval.

## **4. Remuneration Committee:**

The Remuneration Committee constituted by the Company is responsible for looking into the remuneration payable to the Whole-time Directors and other Employees of the Company. The

Non-Executive Directors of the Company are not entitled for any remuneration other than fee payable for attending Board & Committee Meetings. The Committee frames the policy on specific remuneration packages for Whole-time Directors including pension rights and compensation payments. The Committee also approves the Remuneration Policy for employees other than Whole-time Directors as may be recommended to it.

### **Composition**

The Remuneration Committee of the Company comprises of three directors all of them being non-executive independent directors.

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

**\*Appointed in place of Mr. Sunder Kanaparthi on 04.05.2011**

### **Meetings of the Committee and Attendance**

Since none of the Director or senior level Managers were drawing substantial remuneration, no meetings of the Committee were held during the period ended 31st March, 2011.

### **5. Shareholders Grievance Committee:**

The Shareholders Grievance Committee of the Company comprises of following directors:

S No.	Name	Status
1.	Shri Vinod Kumar Agarwal	Chairman
2.	Shri Praveen Kumar*	Member
3.	Shri Ram Prasad Vempati	Member

**\*Appointed in place of Mr. Sunder Kanaparthi on 04.05.2011**

The Committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of the balance sheet, non-receipt of declared dividends, if any, etc. No Investor complaints were remaining to be redressed as at 31st March, 2011

### **Meeting and attendance during the year:**

The meetings of the Committee were held during the year on 15.04.2010, 30.04.2010, 15.05.2010, 31.05.2010, 15.06.2010, 15.07.2010, 16.08.2010, 24.09.2010, 15.10.2010, 30.10.2010, 15.11.2010, 30.11.2010, 17.01.2011, 31.01.2011, 28.02.2011 and 17.03.2011 mainly for approval of share transfers and for consolidation of share certificates.

The Company has appointed Ms. Chanchal Agarwal as Compliance Officer after resignation of Mr. Murli Krishna, as the Compliance Officer of the Company. All the investor complaints received by the Company during the financial year were attended to the satisfaction of the investors. The Company does not have any pending share transfers and investor complaints as on the date of Directors' Report.

## 6. Annual General Meetings

Location and time for **last three Annual General Meetings** were as follows :

S No.	Year	Venue	Date / Time
1.	2007-08	J.S. Krishna Murthy Hall, FAPCCI Bhawan, Red Hills, Hyderabad.	29th September, 2008 at 11.30 A.M.
2.	2008-09	Rajasthan Graduate Associates, Snatak Bhawan, Abids, Hyderabad.	30th September, 2009 at 11.00 A.M.
3.	2009-10	Rajasthan Graduate Associates, Snatak Bhawan, Abids, Hyderabad.	29th September, 2010 at 03.30 P.M.

## 7. Disclosures

1. No transaction of material nature has been entered into by the Company with directors or management and their relatives etc that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board regularly.
2. There has been no instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.
3. The Company is in compliance with all the mandatory requirements and has fulfilled the non-mandatory requirements as prescribed in Annexure 1D of the revised Clause 49 of the Listing Agreement with Stock Exchanges.
4. The Company has adopted with the Code of Conduct applicable to all Directors, senior management and employees. The Declaration as required under Clause 49 is as below:

### DECLARATION REGARDING CODE OF CONDUCT

To the Shareholders

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Place : **HYDERABAD**

Date : **29.08.2011**

**SANJAY KUMAR SANGHI**

MANAGING DIRECTOR

### CEO/CFO CERTIFICATION

To  
The Board of Directors,  
Narbada Gems and Jewellery Limited  
I have reviewed the financial statements, read with the cash flow statement of Narbada Gems and Jewellery Limited for the year ended 31st March, 2011 and that to the best of our knowledge and belief, we state that:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that may be misleading;
  - (ii) These statements present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

- C. We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee;
- (i) Significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same have been disclosed in the notes of the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : HYDERABAD**

**Date : 29.08.2011**

**SANJAY KUMAR SANGHI**

**MANAGING DIRECTOR**

5. CEO Certification: The Director and Chairman has given a certificate as contemplated in Clause 49 of the Listing Agreement.
6. The requirements of the Audit and other Committees as contemplated in Clause 49 have been complied with as per the report set above in respect of the same.
7. The Management Discussion and Analysis is provided elsewhere in this report.

**8. Means of Communication:**

Financial results are published by the Company in the prescribed format in Business Standard and Andhra Prabha within 48 hours of approval by the Board.

**9. General Shareholder Information:**

**9.1. Annual General Meeting:**

Date and Time : 29th September, 2011 at 4.00 PM.

Venue : Rajasthani Graduates Association, "Snatak Bhavan", Abids, Hyderabad, (A.P.)

**9.2. Financial Calendar (tentative):**

Results for the quarter ending June 30, 2011 : Last week of July, 2011

Results for the quarter ending September 30, 2011 : Last week of October, 2011.

Results for the quarter ending December 31, 2011 : Last week of January, 2012.

Results for the year ending March 31, 2012 : Last week of June, 2012

Annual General Meeting : September, 2012

**9.3. Date of Book closure** : 25th September, 2011 to 29th September, 2011 (Both days inclusive).

**9.4. Dividend Payment Date** : No dividend has been recommended.

**9.5. Listing on Stock Exchange** : a) Bombay Stock Exchange Limited  
b) Madras Stock Exchange Limited  
c) Delhi Stock Exchange Association Limited

**9.6. Stock Code** : 519455 at BSE

**9.7. Market Price Data**

Month	BSE, Mumbai		
	High price	Low price	No. of shares traded
April 2010	12.00	9.70	54985
May 2010	10.50	7.06	29397
June 2010	9.40	7.05	17314
July 2010	11.00	7.76	46439
August 2010	10.50	7.47	46720
September 2010	9.68	8.00	60326
October 2010	11.05	8.00	70555
November 2010	11.64	6.99	58795
December 2010	7.80	5.23	20594
January 2011	8.13	6.19	11122
February 2011	8.28	5.82	20140
March 2011	7.30	4.52	5614

**9.8. Listing fees :** The Listing Fees for the year 2011 - 2012 has been paid to the Stock Exchanges except Delhi and Madras

**9.9. Registrar and Share Transfer Agents :** M/s. CIL Securities Limited.  
208, Raghav Ratna Towers, Chirag Ali Lane, Abids  
Hyderabad - 500 001.  
Phone: 23202465 Fax : 040- 23203155  
Email : [cilsec@rediffmail.com](mailto:cilsec@rediffmail.com)

**9.10. Share Transfer System**

The share transfers which are received in physical form are processed by the Registrar and Transfer Agents and the share certificates are returned after affecting the transfer, subject to the documents being valid and complete in all respects.

**9.11 SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011**

S.No.	Category	No. of Shares Held	% of Share holding
<b>A</b>	<b>Promoter's holding</b>		
1	Promoters		
	- Indian Promoters	25,68,360	47.63
	- Foreign Promoters	Nil	Nil
2	Persons acting in concert		
	Sub-Total	25,68,360	47.63
<b>B</b>	<b>Public Shareholding</b>		
3	Institutions	Nil	Nil
4.	Non Institutions		
a	Private Corporate Bodies	1,26,064	2.34
b	Indian Public	26,78,429	49.68
c	NRIs/OCBs	19,347	0.36
d	Any other (Please Specify)	Nil	Nil
	Sub-Total	28,23,840	52.37
	<b>GRAND TOTAL (A+B)</b>	<b>53,92,200</b>	<b>100.00</b>

**9.12 DISTRIBUTION OF SHAREHOLDING ( AS ON 31<sup>ST</sup> MARCH, 2011)**

Category ( No. of shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 5000	4802	81.53	1281606	23.77
5001-10000	759	12.89	612946	11.37
10001-20000	222	3.76	330134	6.12
20001-30000	44	0.75	111285	2.06
30001-40000	16	0.27	56385	1.05
40001-50000	17	0.29	80038	1.48
50001-100000	13	0.22	87085	1.62
Above 100001	17	0.29	2832721	52.53
<b>Total</b>	<b>5940</b>	<b>100.00</b>	<b>5392200</b>	<b>100.00</b>

**9.13. Dematerialization of Shares and Liquidity:**

The Company's shares are available for trading in both National Securities Depository Ltd and Central Depository Services Ltd. The processing activities with respect to the requests received for dematerialization are generally completed within 21days from the date of receipt of request.

**9.14. Outstanding Bonds/ Convertible Instruments : NIL****9.15. Works Locations : At Registered Office.****9.16. Address for Correspondence:**

“Sadana Building, 1<sup>st</sup> Floor,,  
3-6-290/18,Hyderguda,  
Hyderabad - 500 029  
Phone: 66628211



**10. Auditors' Certificate on Compliance with the Provisions of Corporate governance pursuant to Clause 49 of the Listing Agreement**

To

The Members

**NARBADA GEMS AND JEWELLERY LIMITED**

Hyderabad.

We have examined the Compliance of conditions of Corporate Governance by Narbada Gems and Jewellery Limited, Hyderabad, for the period ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on our reliance upon the representations made by the management that there were no transactions of material nature with the management or by relatives that may have potential conflict with the interest of the Company at large.

We certify that the Company has complied in all material respects with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Venugopal & Chenoy,,  
Chartered Accountants**

**(P.V. SRI HARI)  
Partner**

**Membership No.21961**

**Place: Hyderabad**

**Date: 29.08.2011**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

We submit herewith the Management discussion and analysis report on the business of the Company as applicable to the extent relevant.

### **Industry Structure:**

The Gem and Jewellery industry occupies an important position in the Indian economy. It is a leading foreign exchange earner as well as fastest growing industry in the country and accounts for more than 13% of India's total exports. The two major sectors in India are gold jewellery and diamonds. Gold jewellery forms around 80 percent of the Indian Jewellery market, with the balance comprising fabricated studded jewellery that includes diamond studded as well as gemstone studded jewellery.

India possesses world's most competitive gems and jewellery market due to its low cost of production and availability of traditionally competent workforce. Highly skilled and low cost manpower, along with strong government support in the form of incentives and establishment of SEZs, has been the major driver for the Indian gems and jewellery market. Currently the Indian market remains highly fragmented, but is rapidly transforming into an organized sector.

At present, the Indian gems and jewellery market is dominated by the unorganized sector; however, the trend is set to change in near future with the branded jewellery market growing at an expected CAGR (Compound Annual Growth Rate) of more than 41% in the coming four years.

Gold jewellery is the most preferred form of jewellery in demand in India as it is considered auspicious to purchase gold on major occasions like festivals, marriage, birth etc. Also, gold occupies the first position among all investment instruments and is considered as the safest investment option. According to the data released by the World Gold Council (WGC), India is the largest consumer of gold. The sector has gained global popularity because of its talented craftsmen, its superior practices in cutting and polishing fine diamonds and precious stones, and its cost-efficiencies.

### **Opportunities and Threats**

#### **Opportunities:**

India is one of the largest exporters of Gem and Jewellery in the world. Foreign Trade Policy has identified the gems and jewellery sector as a thrust area with prospects for export expansion and employment generation. India's gems and jewellery industry is now on a high growth trajectory. Indian hand-made jewellery has a large ethnic demand in various countries with sizeable Indian emigrant population such as the Middle-East, South East Asian countries, USA, Canada and so on. With imported or domestically processed studding (diamonds and precious/ semi-precious stones) and findings (jewellery components), Indian machine-made jewellery industry will also generate demand from non-ethnic jewellery markets abroad. This coupled with slow rise in disposable income

of Indian household and younger generation provides opportunities for the Company to increase its presence in the segment.

**Threats:**

However, the ever rising prices of precious metals due to fall in US and UK currency values has made the production value go up and has posed a major risk in accumulating inventories. Due to this, the prices of the finished products are steadily increasing making the customer gamut diminutive. In addition, there is a steady increase in the competition between the organized and unorganized players. Being export-dependent also makes the sector susceptible to foreign currency volatility.

**Outlook**

The Indian gems and jewellery market continues to be dominated by the unorganized sector. However, with the Indian consumer becoming more aware and quality conscious, branded jewellery is becoming very popular and the market for branded jewellery is likely to increase manifold. The Company is the sole authorised distributor for two brands ISHTAA and NISHTAA. The Company has plans to acquire the distributorship for few other reputed brands for which the discussions are on and also to start its manufacturing division. For establishing its manufacturing division, the Company is planning to create a strategic alliance that will suit the Company in the best possible manner to successfully start its manufacturing division using the advanced and latest technologies so as to effectively meet the changing lifestyle and preferences of consumers.

**Risks And Concerns:**

Risk is an indispensable part of any business. The continuous fluctuation in the prices of precious and semi-precious stones and metals is a matter of concern and risk as the uncontrolled steady increase in these prices will affect the sales of the Company which in turn will affect the profitability of the Company. The Company is also subject to international market and regulatory risks. The international prices are largely governed by movements at major bullion exchanges of London, New York, Tokyo and others. The local bullion prices are an algorithm of these movements on 'spot' basis. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate and/or seek to sell our products. Any such imposition of trade barriers may have a material adverse effect on our financial condition and results of operations.

Significant additional competition in the gold trade may also result in reduced off-take and thereby negatively affect the Company's revenues and profitability. Further, maintaining or increasing the market share will depend on effective marketing initiatives including advertising and the Company's ability to improve processes.

**Internal Control Systems And Their Adequacy**

The internal control systems are aimed at promoting operational efficiencies. The Company is conducting internal audit with its own staff, at regular intervals to ensure that:

- a) Transactions are executed in accordance with the Company's policies and authorizations.
- b) Deployment of funds is in accordance with the Company's policies and Budgets.

The Audit committee with three independent and non-executive directors meets regularly to investigate any matter relating to the internal control system and reviews the Internal Audit. The committee reviews the quarterly and half yearly financials before they are submitted to the Board of Directors.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use or disposition. Also an exhaustive Budgetary Control system is in place to monitor capital related as well as other costs against Budgets on an ongoing basis.

**Financial Condition:**

**Share Capital**

During the year under review Company has not allotted any Equity Shares out of unissued capital.

**Secured Loans**

The Company has not borrowed any Secured loans as at 31st March, 2011.

**Fixed Assets**

Fixed Assets (Net Block) is Rs. 50,932 during the financial year. Plans are being drawn to acquire existing manufacturing facility during the current year.

**Human Resources:**

The Company strongly believes that a right workforce makes all the difference in catapulting an organization to the highest echelons of success and achievement. Our workforce, thus, is a blend of cohesive and effective knowledge workers, one that is flexible. Working together, we intend to develop and hone a workforce strategy that will be integral to the business strategy of our customers.

**Cautionary Statement:**

Statement made in Management Discussion and Analysis report which seeks to describe the Objectives, projections, estimates, predictions may be considered to be forward looking statements and are stated as required by applicable laws and regulations. Actual results could differ from those expressed or implied and are determined by many factors including global and domestic demand – supply conditions, process, raw materials availability, tax laws, governmental policies and other statutes which may affect actual results which may be different from what the Directors envisaged in terms of future performance and outlook.

**Place: HYDERABAD**  
**Date: 29.08.2011**

Sd/-  
**SANJAY KUMAR SANGHI**  
**MANAGING DIRECTOR**

## IMPORTANT COMMUNICATION TO MEMBERS

Dear Shareholder,

Re; Green Initiative in Corporate Governance:- Go Paperless.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit. All you have to do is register your e-mail ID with your Depository Participant (DP with whom you maintain your demat account) to receive communication through electronic mode.(in case you hold shares in DEMAT mode)

Keeping in view the underlying theme and the circular issued by MCA, we are keen to participate in Green Initiative and henceforth propose to send documents like General Meeting Notices (including AGM), Audited Financial Statements, Directors' Report, Auditors' Report etc. to the shareholders in the electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you are holding shares in electronic form and have registered your e-mail id with the Depository, we intend using e-mail address provided by you to the Depositories viz, NSDL / CDSL and available to the Company from time to time to send various notices / documents, etc henceforth. If you desire to have a different e-mail id registered, please update the same with your Depository Participant (DP) or to our RTA at the link <http://121.246.146.252/gogreen/> or email at **comsec@narbadajewellery.com** specifying your Client Id and DP Id.

All those shareholders who have not yet registered their email Ids or holding shares in physical form are requested to immediately register their e-mail Ids with NSDL/CDSL and / or our RTA at the link <http://121.246.146.252/gogreen/> or email at **comsec@narbadajewellery.com** along with your Folio No. and No. of shares / Client Id and DP Id before 30.09.2011.

Kindly note that if you still wish to receive a physical copy of all the above mentioned communications / documents, the Company undertakes to provide the same at no extra cost to you, if a request is received by the company or its Registrar

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and will cooperate with the Company in implementing the same.

**Place: HYDERABAD**  
**Date: 29.08.2011**

Sd/-  
**SANJAY KUMAR SANGHI**  
**MANAGING DIRECTOR**

## AUDITORS' REPORT

**To**  
**The Members,**  
**Narbada Gems and Jewellery Limited**  
**Hyderabad.**

We have audited the attached Balance Sheet of Narbada Gems and Jewellery Ltd., Hyderabad, as at March 31, 2011, and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section(3C) of section 211 of the Companies Act, 1956;
  - e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2011, from being appointed as directors in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956;

- f) In our Opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to the Significant Accounting Policies and Notes to Accounts thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India:
- (i) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) In so far as it relates to the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
  - (iii) In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Place : Hyderabad**  
**Date : 29.08.2011**

**For VENUGOPAL & CHENYO,**  
**CHARTERED ACCOUNTANTS,**  
**Sd/-**  
**( P.V.SRI HARI )**  
**Partner**  
**Membership No.21961**

### **Annexure to Auditors' Report**

(Referred to in Paragraph 2 of our report of even date)

1. The Company during the year bought one item of fixed assets which is entered in the Fixed Assets Register. The question of physical verification and disposal does not arise.
2. In respect of its inventories:
  - a. The inventories have been physically verified by the management at reasonable intervals.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of the said stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. The Company has maintained proper records of the said stocks. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.

3. The company did not take nor granted any loans, secured or unsecured, from or to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, during the year. However, it had taken temporary interest-free unsecured loans from directors in the earlier years. These are not prejudicial to the interests of the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods.
5. In our opinion and according to the information and explanations given to us, the Company entered into the register the transactions in pursuance of Section 301 of the Companies Act, 1956, aggregating during the year to more than Rs.5,00,000/- (Rupees Five lakhs only) in respect of one party. These transactions have been made at the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public.
7. The Company is yet to introduce the system of Internal Audit.
8. The Central Government did not prescribe maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 (Act I of 1956) for any of the products of the Company.
9. During the year, there is no person to whom the provisions of P.F. or E.S.I. are applicable. According to information and explanations given to us, there are no other undisputed statutory payments outstanding for more than six months from the date they became payable.
10. As per the accounts referred to in this Report, the net-worth of the Company has been eroded beyond 50% as on March 31, 2011. The Company did not incur cash losses during the financial year under report and also in the preceding financial year.
11. The Company does not have any outstandings to a financial institution or bank during the year.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause-4(xiii) of the Companies (Auditors' Report) Order, 2003, is not applicable to the Company.
14. The Company has not dealt in or traded in shares, securities, debentures and other investments.



15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any new term loans during the year.
17. The Company during the year did not raise any short term loans and hence the question of their usage does not arise.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

**Place : Hyderabad**  
**Date : 29.08.2011**

**For VENUGOPAL & CHENYO,  
CHARTERED ACCOUNTANTS,  
Sd/-  
( P.V.SRI HARI )  
Partner  
Membership No.21961**

**BALANCE SHEET AS AT 31.03.2011**

SCHEDULE		31.03.2011 Rs.	31.03.2010 Rs.
<b>I SOURCES OF FUNDS:</b>			
1.Shareholders' Funds:			
Share Capital	'A'	54,189,700	54,189,700
2.Loan Funds:			
Unsecured Loans - Directors		<u>360,076</u>	<u>360,076</u>
		<b><u>54,549,776</u></b>	<b><u>54,549,776</u></b>
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets:</b>			
Gross Block			
Less: Depreciation		53,553	-
		2,621	-
		<u>50,932</u>	
<b>2. Current Assets, Loans, &amp; Advances 'B'</b>			
Stock-in-Hand		10,187,073	1,295,000
VAT receivable			317
Sundry Debtors		2,448,390	-
Cash & Bank Balances		3,804,449	9,682,045
Loans & Advances		<u>105,720</u>	<u>90,606</u>
		16,545,632	11,067,968
Less: Current Liabilities & Provisions	'C'	<u>4,121,336</u>	<u>194,300</u>
		<u>12,424,296</u>	<u>10,873,668</u>
<b>2.Profit &amp; Loss Account</b>		42,074,548	43,676,108
<b>3.Notes to Accounts</b>		<u>54,549,776</u>	<u>54,549,776</u>

**OUR REPORT ATTACHED,  
For VENUGOPAL & CHENYOY,**

**For & on behalf of the Board of Directors of  
NARBADA GEMS AND JEWELLERY LTD.,**

Sd/-  
Place : Hyderabad (P.V.SRI HARI)  
Date : 29.08.2011 PARTNER

Sd/-  
Sanjay Kumar Sanghi  
MANAGING DIRECTOR

Sd/-  
Ritesh Kumar Sanghi  
DIRECTOR

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

	SCHEDULE	31.03.2011 Rs.	31.03.2010
<b>Rs.INCOME:</b>			
Sales	'D'	28,542,078	21,753,620
Other Income		111,223	1,455,225
Closing Stock		10,187,073	1,295,000
		<u>38,840,374</u>	<u>24,503,845</u>
<b>EXPENDITURE:</b>			
Opening Stock		1,295,000	-
Purchases		33,886,569	20,312,829
Selling, Administration & Other Expenses 'E'		2,054,624	3,050,355
Depreciation		2621	-
		<u>37,238,814</u>	<u>23,363,184</u>
Profit/(-) Loss for the year		1,601,560	1,140,661
Less: Provision for Income Tax:		-	-
		-	-
		<u>1,601,560</u>	<u>1,140,661</u>
Add/(Deduct): Profit/(-) Loss brought forward from previous year		(43,676,108)	(44,816,769)
<b>Balance carried to Balance Sheet</b>		<u><b>(42,074,548)</b></u>	<u><b>(43,676,108)</b></u>

**OUR REPORT ATTACHED,  
For VENUGOPAL & CHENOY,**

**For & on behalf of the Board of Directors of  
NARBADA GEMS AND JEWELLERY LTD.,**

Place : Hyderabad  
Date : 29.08.2011

Sd/-  
(P.V.SRI HARI)  
PARTNER

Sd/-  
Sanjay Kumar Sanghi  
MANAGING DIRECTOR

Sd/-  
Ritesh Kumar Sanghi  
DIRECTOR

<b>SCHEDULE 'A'</b>	<b>31.03.2011</b>	<b>31.03.2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SHARE CAPITAL:</b>		
<u>Authorised:</u>		
65,00,000 Equity Shares of Rs.10/- each (31.03.2010 - 65,00,000 Equity Shares of Rs.10/- each)	65,000,000	65,000,000
<u>Issued, Subscribed &amp; Paid-Up:</u>		
53,92,200 Equity Shares of Rs.10/- each, fully paid (31.03.2010 - 53,92,200 Equity Shares of Rs.10/- each, fully paid)	53,922,000	53,922,000
Add: Shares Forfeited Account	<u>267,700</u>	<u>267,700</u>
	<b><u>54,189,700</u></b>	<b><u>54,189,700</u></b>
<b>SCHEDULE 'B'</b>		
	<b>Rs.</b>	<b>Rs.</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES:</b>		
<b>(A) CURRENT ASSETS :</b>		
Stock on Hand	10,187,073	1,295,000
Sundry Debtors: (Unsecured, Considered Good)		
- outstanding for more than six months	-	-
- others	2,448,390	-
Cash & Bank Balances:		
Cash on hand	122,887	318,484
Bank balances: With Scheduled Banks:		
- In Current Accounts	3,681,562	9,363,561
VAT Receivable	-	317
<b>(B) LOANS &amp; ADVANCES:</b>		
(Unsecured, Considered Good recoverable in Cash or in kind or for value to be received)		
TDS Refund 09-10	24,920	24,920
Advances for Expenses	80,800	20,800
Advances to Staff	<u>0</u>	<u>44,886</u>
	<b><u>16,545,632</u></b>	<b><u>11,067,968</u></b>

<b>SCHEDULE 'C'</b>	<b>31.03.2011 Rs.</b>	<b>31.03.2010s Rs.</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS:</u></b>		
<b><u>(A) CURRENT LIABILITIES:</u></b>	2,107,016	-
Sundry Creditors - For Goods	137,573	-
- For Expenses	1,876,747	194,300
Other Liabilities		
<b><u>(B) PROVISIONS:</u></b>	-	-
Provision for Income Tax	<u>194,300</u>	<u>359,392</u>
<b>SCHEDULE 'D'</b>		
	<b>31.03.2011 Rs.</b>	<b>31.03.2010 Rs.</b>
<b><u>SALES:</u></b>	<u>21,753,620</u>	<u>22,227,206</u>
Domestic Sales - Gross	<u>21,753,620</u>	<u>22,227,206</u>
<b>SCHEDULE 'E'</b>		
	<b>31.03.2011 Rs.</b>	<b>31.03.2010 Rs.</b>
<b><u>OTHER INCOMES</u></b>		
Excess provision of earlier year written back	5,523	123,658
Design receipts	105,700	1,220,000
	<u>111,223</u>	<u>1,343,658</u>

**SCHEDULE 'F'****31.03.2011**  
**Rs.****31.03.2010**  
**Rs.****SELLING, ADMINISTRATION & OTHER EXPENSES:**

Salaries & Allowances	735,336	1,808,597
Advertisement	50,752	30,743
Professional & Legal Charges	206,802	442,905
General Expenses	14,343	14,288
Postage & Telegrams	27,751	27,555
Printing & Stationery	44,847	37,297
Fees, Rates & Taxes	65,127	546,010
Bank charges	1,954	2,223
Insurance	24,817	
Jobwork Charges	714,000	
Electricity Charges	110,127	80,737
Audit Fees	35,000	35,000
Tax Audit Fees	15,000	15,000
Taxation matters	-	10,000
Discount Paid	1,600	-
Travelling Charges	7,168	-
	<u>2,054,624</u>	<u>3,050,355</u>

**Schedule 'G'****Notes to Accounts and Significant Accounting Policies:****(A) Significant Accounting Policies:****1. Fixed Assets:**

Fixed Assets are stated at cost of acquisition or construction, less depreciation.

**2. Depreciation:**

Depreciation is charged on Written Down Value Method as per rates prescribed in Schedule-XIV of the Companies Act, 1956.

**3. Investments:**

Investments are stated at cost.

**4. Sales:**

Sales is exclusive of the sales tax collection and is net of return.

5. Inventories:

Inventories are valued at lower of cost or net realisable value.

6. Account for Claims:

Claims receivable are accounted on acceptance/receipt.

7. Prior Period Adjustments:

Income and Expenditure relating to prior period upto Rs.5,000/- in each case is accounted under natural heads of account.

**(B) Notes to Accounts:**

1. No provision is made towards Income Tax in view of Unabsorbed Depreciation and carried forward losses.

2. Transactions during the year with related parties:

<u>Nature of Transaction</u>	<u>Associate(Rs.)</u>
(a) Purchases	20,06,163
(b) Design Receipts	Nil
(b) Sundry Creditors	Nil

3. Quantitative Particulars:

<b>Particulars</b>	<b>Opening Stock</b>	<b>Purchases Stock</b>	<b>Sales</b>	<b>Closing Stock</b>
Gold Ornaments	789.95gms	16408.65 gms.	12960.99 gms.	4237.61 gms.

4. Previous year's figures are regrouped wherever necessary.

**FOR NARBADA GEMS AND JEWELLERY LTD.,**

**PLACE:HYDERABAD  
DATE : 29.08.2011**

**(SANJAY KUMAR SANGHI)  
MANAGING DIRECTOR**

**(RITESH KUMAR SANGHI)  
DIRECTOR**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

(Pursuant to amendment to clause 32 of listing agreement)

	2010-11		2009-10	
A) Cash Flow from Operation Activities :				
Net Profit before taxation and extraordinary items	16.01		11.4	
Adjustments for				
Depreciation & Exp. Written off	0.02		-	
Foreign Exchange	-		-	
Loss on sale of Fixed Asset	-		-	
Finance Charges	-		-	
Excess provision written back	-0.05		-1.24	
Operating Profit before working	15.98		10.16	
Capital changes				
Adjustments for				
Trade and Other Receivables	-24.48		40.88	
Inventories	-88.92		-12.95	
VAT Receivable	0.00		0.00	
Loans & Advances	-0.15		-0.7	
Trade Payables & Other liabilities	39.32		-0.41	
Provision for Income Tax	-		-	
Cash Used for Operations	-74.23		26.82	
Interest Paid	-		-	
Cash flow before extraordinary items	-58.25		36.98	
Extraordinary item	-		-	
Net Cash Used for operating activities		-58.25		36.98
B) Cash Flows from Investing Activities				
Purchase of Fixed Assets	-0.53		-	
Deferred Revenue Expenditure	-		-	
Sale of Fixed Assets	-		-	
Acquisition of companies	-		-	



	2009-10		2008-09	
Purchase of Investments	-		-	
Sale of Investments	-		-	
Interest Received	-		-	
Dividend received	-		-	
Net Cash used in Investing Activities		-0.53		0
<b>C) Cash Flow from Financing Activities</b>				
Proceeds from issue of Share Capital	-		-	
Proceeds from Finance Borrowings	-		-	
Proceeds from Lease Finance Borrowings	-		-	
Repayment of Finance Lease Liabilities	-		-	
Dividend Paid	-		-	
Net Cash Used in Financing Activities		0.00		0
Net Increase in cash and cash equivalents		-58.78		36.98
Cash and Cash equivalents as at 31.03.2010 (Opening Balance)		96.82		59.84
Cash and Cash equivalents as at 31.03.2011 (Closing Balance)		38.04		96.82

**Place : Hyderabad**

**Date : 29.08.2011**

Sd/-  
SANJAY KUMAR SANGHI  
Managing Director

Sd/-  
RITESH KUMAR SANGHI  
Director

### **AUDITOR'S CERTIFICATE**

We have verified the enclosed Cash flow statement for the year ended 31 st March 2011 with the books and records maintained by NARBADA GEMS AND JEWELLERY LTD, and certify that in our opinion, and according to the information and explanations given to us the statement is in accordance there with.

**For Venugopal & Chenoy  
Chartered Accountants**

**Place : Hyderabad**

**Date : 29.08.2011**

Sd/-  
**P.V. SRIHARI**  
Partner, M.No. 21961

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:****I. REGISTRATION DETAILS**

Registration No.	14173	State Code:	01
Balance Sheet	31-03-2011		

**II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)**

Public Issue	Nil	Preferential Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)**

Total Liabilities	54550	Total Assets	54550
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**SOURCES OF FUNDS**

Paid-up Capital	54190	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	360

**APPLICATION OF FUNDS**

Net Fixed Assets	51	Investments	Nil
Net Current Assets	12475	Misc. Expenditure	Nil
Accumulated Losses	42075		

**IV. PERFORMANCE OF THE COMPANY (AMOUNT IN RS. THOUSANDS)**

Turnover	28542	Total Expenditure	37239
Profit/(Loss) before tax	1602	Profit/ (Loss) after tax	1602
Earning Per Share (Rs.)	Nil	Dividend Rate %	Nil

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)**

Product description: Gems & Jewellery

**NINETEENTH ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

Name of the Shareholder/ Proxy	Folio No.	No. of shares

I hereby record my presence at the **ANNUAL GENERAL MEETING** of the Company on Thursday, the **29<sup>th</sup> SEPTEMBER, 2011** at 04.00 P.M. at **Rajasthani Graduates Association, “Snatak Bhavan”, Abids, Hyderabad, (A.P.)**

Member’s/Proxy signature  
(to be signed at the time of  
handing over this slip)

**Note:** Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.

————— (Please cut here) —————



**NARBADA GEMS AND JEWELLERY LIMITED  
NINETEENTH ANNUAL GENERAL MEETING**

**Registered Office:** Sadana Building, 1<sup>st</sup> Floor, 3-6-290/18, Hyderguda, Hyderabad - 500 029

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of the above named Company, hereby appoint Mr. / Ms. \_\_\_\_\_ of \_\_\_\_\_ or failing him / her, Mr. / Ms. \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the **ANNUAL GENERAL MEETING** of the Company to be held on **Thursday, the 29th SEPTEMBER, 2011 at 04.00 P.M. at Rajasthani Graduates Association, “Snatak Bhavan”, Abids, Hyderabad, (A.P.)**

Regd. Folio # / Client id:

No. of Shares held:

As witness my/our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ of 2011.

Signed by the said \_\_\_\_\_

Affix Re. 1.00  
Revenue Stamp



Note: The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. A proxy need not be a member.

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3-6-290/19, 1ST FLOOR,  
SADANA BUILDING,  
HYDERGUDA,  
HYDERABAD - 500029