



Narbada
Gems & Jewellery Limited



21ST
ANNUAL REPORT
2012-13

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear shareholders,

The Ministry of Corporate Affairs (“MCA”) vide its circulars dated 21.04.2011 and 29.04.2011 has taken a “Green Initiative in Corporate Governance” thereby allowing companies to serve electronic documents to its shareholders.

Environment conservation and sustainable development are continuously on your Company’s radar and therefore your Company supports MCS in this initiative. Accordingly, henceforth, we propose to send documents such as notices of general meeting(s), annual reports and other communications to the shareholders through e-mail. Please note that all such documents shall be kept open for inspection at the registered office of the Company during the office hours.

We solicit your valuable cooperation and support in our endeavor to contribute our bit to the environment. You are requested to please fill the details in the format provided below. Please note that the fields marked “*” are mandatory to fill.

Registered Folio or DP Id – Client ID *

Full Name *

Email ID *

Contact no. :

Declaration: (Select whichever is applicable) *

I agree to receive the communication through e-mail

I agree to receive the communication through physical mode

In case there is any change in your e-mail ID or any other details, please e-mail us the details at comsec@narbadajewellery.com or contact us. In case of shares held in electronic form, you are requested to inform your DP as well.

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BOARD OF DIRECTORS

Chairman – Emeritus
Managing Director -
Director -
Director -
Director -
Director -
Compliance Officer

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

AUDITORS

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

BANKERS

State Bank of India
Commercial Branch
Koti, Hyderabad

REGISTERED OFFICE

“Sadana Building, 1st Floor,
3-6-290/18, Hyderguda
Hyderabad-500029

**DEPOSITORY REGISTRAR
& SHARE TRANSFER AGENTS**

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

Narbada Gems & Jewellery Limited

NOTICE

NOTICE is hereby given that 21st Annual General Meeting of Members of M/s **NARBADA GEMS & JEWELLERY LIMITED** will be held on Friday the 27th day of September 2013, at 3.00 P.M at Rajasthani Graduates Association, "Snatak Bhavan", 5-4-790/1, 1st Floor, 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, 2013, 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 Siddharth Goel who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

By order of Board

Date: 02.09.2013

Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029

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 be a 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 **21st September, 2013 to 27th September, 2013** (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. Corporate Members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.

7. The details pertaining to Directors liable to retire by rotation and directors proposed to be appointed / reappointed as required to be provided pursuant to the Listing Agreement with the Stock Exchanges are as follows:

S No	Particulars	Mr. Ram Prasad Vempati	Mr. Siddharth Goel
1.	Designation	Director	Director
2.	Date of Birth	06.12.1956	01.03.1985
3.	Date of Appointment	14.01.2007	12.05.2012
4.	Qualifications	Bachelor of Commerce	Bachelor of Commerce
5.	Expertise in specific functional area	Rich and varied experience in the field of Accountancy, Finance and Business Administration. He has an experience of more than 20 years in the field of Finance and Accounting.	Rich and varied experience in Business Administration and Strategic Management.
6.	Directorships held in other public companies as on 31.03.2013	1. Uday Jewellery Industries Limited 2. Vempati Enterprises Private Limited 3. RVK Enterprises and Exports limited	1. Uday Jewellery Industries Limited
7.	Number of shares held in the Company	Nil	Nil

DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure to present the Twentieth Annual Report of the Company together with the Audited Accounts of Your Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

Your Company's performance during the year 2012-2013 is summarized below:

(Rs. in Lakhs)

S.No	Particulars	2012-13	2011-12
1.	Sales	884.32	731.86
2	Other Income	2.10	4.10
3	Total Income (1+2)	886.42	735.96
4	Expenditure	835.59	686.78
5	Profit before Tax	50.83	49.01
6	Tax Expense	10.17	3.36
7	Profit after Tax	40.66	45.65
8	Earning Per Share	0.75	0.85

BUSINESS REVIEW

During the year your Company has achieved a turnover of Rs. 8,84,32,473 as against Rs. 7,31,86,555 in the previous year. This is due to increase in gold prices as well as the demand for the product being dealt with by the Company. As a result of this there has been an increase in the profit of the Company to Rs. 50,83,347 in the year.

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 2012 – 13.

DIRECTORS

Shri Ram Prasad Vempati and Shri Siddharth Goel retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Their respective profiles are given elsewhere in the report. Your Directors recommend their re-appointment.

FIXED DEPOSITS

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 2013, 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 2013 and of the profit for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts for the year ended on 31st March 2013, 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 Limited. 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 CODE:

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 Board of Directors
NARBADA GEMS AND JEWELLERY LIMITED

Dated: 02.09.2013
Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029

(Sanjay Kumar Sanghi)
Managing Director

(Ritesh Kumar Sanghi)
Director

ANNEXURE - 1**INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS' RULES, 1988**

- a) Energy Conservation Measures taken: **Not Applicable as Company is in the business of Jewellery manufacturing and trading which are more dependent on Human skill than power consumption.**
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : **Nil**
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : **Not Applicable**

FORM-A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	2012 - 13	2011 - 12
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased : Units (KWH)	16187	20604
Total Amount (Rs.)	135541.00	125456.00
Rate/Unit (Rs.)	8.373	6.089
b) Own Generation		
Through diesel generator: Units (KWH Units per liter of diesel oil Cost per Unit (Rs.)	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION:		
Electricity consumption	NA	NA

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	2012-13	2011-12
a) Foreign Exchange earned	Nil	Nil
b) Foreign Exchange used	Nil	Nil

REPORT ON CORPORATE GOVERNANCE**1. Company's Philosophy On Corporate Governance:**

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

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	4	Nil
Shri Ritesh Kumar Sanghi	Director	Promoter & Non-Executive	5	Nil
Shri Vinod Agarwal	Director	Non- Executive-Independent	3	3
Shri Siddharth Goel	Additional Director	Non - Executive-Independent	1	5
Shri Ram Prasad Vempati	Director	Non- Executive - Independent	3	5

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:

S No.	Name of the Director	Attendance	
		Board Meetings	AGM held On 28 th September, of 2012
1.	Shri Sanjay Kumar Sanghi	6	Present
2.	Shri Ritesh Kumar Sanghi	4	Present
3.	Shri Vinod Agarwal	2	Not Present
4.	Shri Siddharth Goel	—	Not present
5.	Shri Ram Prasad Vempati	6	Not Present

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

Six (6) Board Meetings were held during the year 2012-13 on 27.04.2012, 12.05.2012, 13.08.2012, 31.08.2012, 30.10.2012 and 14.02.2013.

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 2012-13 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 2013, as envisaged in Clause 49 of the Listing Agreement with Stock Exchanges.

For NARBADA GEMS AND JEWELLERY LIMITED

Dated: 02.09.2013

**Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029**

**(Sanjay Kumar Sanghi)
Managing Director**

3. AUDIT COMMITTEE:

Your Company has a qualified and independent Audit Committee. At the beginning of the year i.e. on 1st April, 2012 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. 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 Siddharth Goel	Member
3.	Shri Vinod Agarwal	Member

3.1 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 12.05.2012, 13.08.2012, 31.08.2012, 30.10.2012 and 14.02.2013 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 Agarwal	Chairman
2.	Shri Siddharth Goel	Member
3.	Shri Ram Prasad Vempati	Member

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, 2013.

5. Shareholders Grievance Committee:

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

S No.	Name	Status
1.	Shri Vinod Agarwal	Chairman
2.	Shri Siddharth Goel	Member
3.	Shri Ram Prasad Vempati	Member

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, 2013

Meeting and attendance during the year:

The meetings of the Committee were held during the year on 10.09.2012, 30.03.2013 mainly for approval of share transfers.

The Company has appointed Mr. Sanjay Kumar Sanghi as Compliance Officer of the Company in place of Mr. Hemraj Baid. 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 Director's Report.

6. Annual General Meetings

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

S No.	Year	Venue	Date / Time
1.	2009-10	Rajasthani Graduates Associates, Snatak Bhawan, Abids, Hyderabad.	29 th September, 2010 at 03.30 P.M.
2.	2010-11	Rajasthani Graduates Associates, Snatak Bhawan, Abids, Hyderabad.	29 th September, 2011 at 04.00 P.M.
3.	2011-12	Rajasthani Graduates Associates, Snatak Bhawan, Abids, Hyderabad.	28 th September, 2012 at 01.30 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.

Dated: 02.09.2013
Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029



Sd/-
SANJAY KUMAR SANGHI
MANAGING DIRECTOR

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, 2013 and that to the best of our knowledge and belief, we state that:

- A. (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.

Sd/-

SANJAY KUMAR SANGHI
MANAGING DIRECTOR

Dated: 02.09.2013

**Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029**

5. CEO Certification: The Director and Chairman have 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 Prajashakti within 48 hours of approval by the Board.

9. General Shareholder Information:

9.1. Annual General Meeting:

Date and Time : 27th September, 2013 at 3.00 PM.

Venue : Rajasthani Graduates Associates Bhavan, Abids, Hyderabad, (A.P.)

9.2. Financial Calendar (tentative):

Results for the quarter ending June 30, 2013 : First week of August, 2013
Results for the quarter ending September 30, 2013 : First week of November, 2013.
Results for the quarter ending December 31, 2013 : Last week of January, 2014.
Results for the year ending March 31, 2014 : Last week of April, 2014
Annual General Meeting : September, 2014

9.3. Date of Book closure : 21st September, 2013 to 27th September, 2013
(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 2012	3.78	3.27	3475
May 2012	4.56	3.55	623
June 2012	3.60	2.66	6906
July 2012	3.37	3.21	2354
August 2012	3.38	3.37	230
September 2012	3.71	2.90	6306
October 2012	2.90	2.28	2160
November 2012	2.50	2.18	2701
December 2012	2.86	2.60	603
January 2013	5.12	2.83	6812
February 2013	6.44	5.37	11450
March 2013	7.56	6.17	578

9.8. Listing fees : The Listing Fees for the year 2013 - 2014 has been paid to all the Stock Exchanges

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

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, 2013

S.No.	Category	No. of Shares Held	% of Share holding
A	Promoter's holding		
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	Public Shareholding		
3	Institutions	Nil	Nil
4.	Non Institutions		
a	Private Corporate Bodies	132137	2.45
b	Indian Public	2673323	49.58
c	NRI/OCBs	18380	0.34
d	Any other (Please Specify)	Nil	Nil
	Sub-Total	28,23,840	52.37
	GRAND TOTAL (A+B)	53,92,200	100.00

9.12 DISTRUBTION OF SHAREHOLDING (AS ON 31ST MARCH, 2013)

Category (No. of shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 5000	5809	99.43	2442297	45.30
5001-10000	15	0.27	101736	1.88
10001-20000	13	0.22	192387	3.57
20001-30000	2	0.03	55400	1.03
30001-40000	1	0.02	32020	0.59
40001-50000	0	0.00	0	0.00
50001-100000	0	0.00	0	0.00
Above 100001	2	0.03	2568360	47.63
Total	5842	100.00	5392200	100.00

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, 1st 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, 2013 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**

Sd/-

(P.V SRI HARI)

Partner

Membership No.21961

Place: Hyderabad

Date: 02.09.2013

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

India's Gems and jewellery industry is a bright star of the economy, and one of the important foundations of the country's export-led growth. The consumption of gold and jewellery products in India has grown rapidly over the years at the rate of 10% to 15% per annum and today, the domestic Indian market is estimated to be over US\$ 30 billion. India and China are now emerging as world leaders in the global jewellery industry in terms of consumption, production and trade. India possesses world's most competitive gems and jewellery market due to its low cost of production, highly skilled, low-cost and best artisan workforce for designing and crafting jewellery, along with strong government support in the form of incentives and establishment of special economic zones (SEZs).

Indian gems and jewellery sector is expected to grow at a compounded annual growth rate of around 16.26% during the financial years 2011 – 2012 to 2016 – 2017 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by Ministry of Commerce & Industry. Shipment of gems and jewellery makes up about 14 percent of India's total exports, and the sector employs about 3.4 million workers, with the Middle East taking most of the market.

According to the Gem & Jewellery Export Promotion Council (GJEPC) the annual performance of the Indian Gem & Jewellery sector during financial year 2012-2013 was positive with a contribution of US \$ 2,132.82 million to India's coffers in terms of foreign exchange earnings i.e. a 154% as compared to the same period last year. The financial year 2012-13 ended on a positive note with imports of rough diamonds going up by 12.65 percent indicating an increase in cutting, polishing and other manufacturing activities in India.

The industry also saw an increase in manufacturing activities indicated by the 33 percent growth in the export of gold jewellery contributing significantly to India's foreign exchange earnings and supported balance of payments. Further the year also witnessed a significant drop of 61.45% in the import of cut and polished diamonds indicating a huge cut in India's foreign exchange spending, thereby reducing the country's current account deficit (CAD). Total gem and jewellery exports for the year 2012-13 was US \$ 39.033 billion. The industry has strived hard towards reducing India's current account deficit by controlling imports and increasing exports. The industry's contribution towards India's exchequer has also seen a staggering rise of 154%.

Opportunities and Threats**Opportunities****Entering New Markets**

The sector is exploring new locations to diversify business and to minimize the risk. Russia, Middle East and China are few of the emerging destinations that are witnessing an increase in jewellery demand. The Indian gems and jewellery players can tap these countries to diversify and increase their business.

Cutting and Polishing of Large-Sized Diamonds

India is one of the leading diamond processing centers of the world. India's vast, low cost and extremely skilled workforce provides it with a competitive edge over other countries. By moving up the value chain and processing larger stones, India can further increase its value share in total exports.

Value Addition

There exists a huge opportunity for Indian players to do value addition to the processed diamonds and to export diamond studded jewellery. India has an advantage of manufacturing affordable diamond jewellery for the world market.

Jewellery Retail

The Indian retail sector provides an excellent opportunity for the Indian players to manufacture and sell their jewellery through the retail channels that are fast catching up in the Indian markets.

Outsourcing Hub

India can become an outsourcing hub for designing and manufacturing jewellery. There is an increased trend of outsourcing designing and manufacturing of jewellery from India by global retail players.

Government incentives

When the industry was going through a challenging period, governmental regulations related to the reintroduction of bonded warehouse facility for diamond exporters and revision in duty drawback rate facility for Gold jewellery exporters has helped strengthen the industry further. The government has put in significant efforts for accepting recommendations to make India an International Trading hub for rough diamonds.

Threats

Unorganized Sector

The gems and jewellery sector in India is unorganized and fragmented. Around 90% of the players operate in the unorganized sector mostly in family-run operations. The nature of the sector prevents it from achieving economies of scale.

Predominance of the US market

The Indian gems and jewellery sector is pre-dominantly dependent on the US markets, which is its top export destination. The growth of gems and jewellery sector is heavily dependent on the growth of demand in the US market.

Exchange Rate/Currency Risk

The gems and jewellery sector is affected by the rupee/dollar exchange rate because it is export-oriented. Any volatility in the exchange rates affects the margins of the players.

High Level of Inventories

As the gems and jewellery sector is highly dependent on imports for its raw materials, the players have to maintain a high level of inventory. However, maintaining this inventory becomes difficult for the players during the slack season, as it carries inventory price risk.

Competition from Other Luxury Goods

With the increase in disposable income and the change in standard of living, the demand for luxury goods such as perfumes, consumer electronics, leather, automobile, gadgets etc are also increasing. The gems and jewellery sector is experiencing competition from these luxury goods, which is eating into the market share of the sector.

Global Economic Slowdown

The global economic slowdown has hit the Indian gems and jewellery sector hard. As the sector was primarily dependent on exports to the US and European countries, the meltdown in these countries affected the gems and jewellery sector to a great extent. The players faced issues relating to inventory build-up and liquidity pressure.

Synthetic Diamonds

The sector also faces a challenge in the form of integration of synthetic or man-made diamonds. With the advent of technology, it is difficult to differentiate between natural and synthetic diamonds. It may so happen that the synthetic diamonds are passed on as real diamonds and in the long run, this could affect the credibility of the sector. Further, as synthetic diamonds are much cheaper and identical to the man-made diamonds, these diamonds may find a clientele that is a substitute to the natural diamond and may end up eating into the market share of the diamond industry.

OUTLOOK:

The Company's performance during the last financial year 2012-2013 was convincingly better than the earlier year 2011-2012. The Company is working towards improvising the performance even better by aiming for ambitious growth targets through various initiatives, constant exploration of new consumer segments and starting its own 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 the most inevitable characteristic of any business. One of the potential risk factor is the fluctuations in the prices of gold, silver and other precious and semi precious metals. The demand for gold may be stagnant if gold prices rule high and continue to be volatile. The competition is getting more local and regional with large players and organized retailers getting into the business. 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 fast changing consumer taste and fashion is also a constant risk in the business. Evolution of rapidly increasing varied types of branded fashion and ethnic jewellery pose a tough competition for the Company which in turn may affect the turnover and profitability of the Company. The Board is at it verge trying to mitigate and minimize these risks by constantly studying the market demand and changing the variety of products it delivers to its customers.

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, 2013.

Fixed Assets

Fixed Assets (Net Block) is Rs. 27,974 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.

Dated: 02.09.2013

**Place: 3-6-290/18, First Floor,
Sadana Building, Hyderguda,
Hyderabad – 500 029**

Sd/-
SANJAY KUMAR SANGHI
MANAGING DIRECTOR

INDEPENDENT AUDITORS' REPORT

To
The Members,
Narbada Gems & Jewellery Limited,
Hyderabad.

Report on Financial Statements

We have audited the accompanying financial statements of Narbada Gems & Jewellery Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year then ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements, together with the Accounting Policies and Notes to Accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 and the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**Hyderabad
28.05.2013**

**For VENUGOPAL & CHENOY,
CHARTERED ACCOUNTANTS,**

**(P. V. SRI HARI)
Partner
Membership No.021961**

Annexure to Auditors' Report

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

1. The Company during the earlier years bought one item viz. vehicles relating to fixed assets which is entered in the Fixed Assets Register. The same is still in use. Hence, 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 were 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 and repaid the entire amount during the year. These were 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 two parties. 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 to be deposited 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, 2013. The Company did not incur cash losses during the financial year under report and also in the preceding financial year.

Narbada Gems & Jewellery Limited

11. The Company does not have any dues 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.

**For VENUGOPAL & CHENYO,
Firm Registration No. 004671S
CHARTERED ACCOUNTANTS,**

(P.V.SRI HARI)

**Hyderabad
28.05.2013**

**Partner
Membership No.21961**

BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
		Rs.	Rs.	Rs.	Rs.
I. EQUITY & LIABILITIES					
(1) Shareholder's Funds:					
(a) Share Capital	1	5,41,89,700		5,41,89,700	
(b) Reserves & Surplus	2	(3,34,43,483)		(3,75,09,290)	
			2,07,46,217		1,66,80,410
(3) Non-Current Liabilities:					
(a) Long Term Borrowings	3		-		3,60,076
(4) Current Liabilities:					
(a) Trade Payables	4	1,31,52,071		2,08,51,453	
(b) Other Current Liabilities	5	12,45,233		13,49,344	
			1,43,97,303		2,22,00,797
Total:			3,51,43,520		3,92,41,283
II. ASSETS					
(1) Non-Current Assets:					
(a) Fixed Assets					
(i) Tangible Assets	6	27,974		37,746	
(b) Long-Term Loans and Advances	7	71,715		3,41,355	
			99,689		3,79,101
(2) Current Assets:					
(b) Inventories	8	2,07,21,054		91,77,482	
(c) Trade Receivables	9	1,29,00,987		2,86,67,148	
(d) Cash and Cash Equivalents	10	14,21,790		10,17,552	
			3,50,43,831		3,88,62,182
Total:			3,51,43,520		3,92,41,283
Significant Accounting Policies and Notes to Accounts					
	16				

Our Report attached,
For VENUGOPAL & CHENOY,
Chartered Accountants,

For and on behalf of the Board

(CA P.V.SRI HARI)
Partner
Membership No.21961

Sanjay Kumar Sanghi
Managing Director

Ritesh Kumar Sanghi
Director

Hyderabad
Date: 28.05.2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	Note No.	Figures for the year ended March 31, 2013		Figures for the year ended March 31, 2012	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	11		8,84,32,473		7,31,86,555
II. Other Income	12		2,10,000		4,10,114
III. Total Revenue(I + II)			8,86,42,473		7,35,96,669
IV. Expenses:					
Purchases		9,17,79,313		6,54,31,268	
Changes in Inventories of Stock - in - trade	13	(11,543,572)		1,009,591	
Employee Benefit Expenses	14	5,90,003		8,12,364	
Depreciation		9,772		13,186	
Other Expenses	15	27,23,610		14,29,162	
			8,35,59,126		6,86,95,571
V. Profit before Tax(III - IV)			50,83,347		49,01,098
VI. Tax Expense:					
Current Tax (Mat)		10,17,540		3,35,840	
			10,17,540		3,35,840
VII. Profit for the year			40,65,807		45,65,258
VIII. Earnings Per Equity Share					
Basic & Diluted			0.75		0.85
Significant Accounting Policies and Notes to Accounts	16				

**Our Report attached,
For VENUGOPAL & CHENOY,
Chartered Accountants,**

For and on behalf of the Board

**(CA P.V.SRI HARI)
Partner
Membership No.21961**

**Sanjay Kumar Sanghi
Managing Director**

**Ritesh Kumar Sanghi
Director**

**Hyderabad
Date: 28.05.2013**

**Schedules Forming Integral Part of the Balance Sheet
as at 31st March, 2013**

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Authorised:				
65,00,000 Equity Shares of Rs.10/- each		6,50,00,000		6,50,00,000
(Previous Year - 65,00,000 Equity Shares of Rs.10/- each)				
Total		6,50,00,000		6,50,00,000
Issued, Subscribed & Paid up:				
a) 53,92,200 Equity Shares of Rs.10/- each, fully paid up		5,39,22,000		5,39,22,000
(Previous Year - 53,92,200 Equity Shares of Rs.10/- each, fully paid up)				
b) Shares Forfeited Account		2,67,700		2,67,700
Total		5,41,89,700		5,41,89,700

Additional Notes:

- No new shares were issued during the current year. Hence, there is no change in number of shares outstanding and as at the beginning at the end of the reporting period.
- The details of shares in the Company held by each shareholder holding more than 5% shares.

Name of the Shareholder	Financial Year 2012-13		Financial Year 2011-12	
	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares
1. Sanjay Kumar Sanghi	23.816%	12,84,180	23.816%	12,84,180
2. Ritesh Kumar Sanghi	23.816%	12,84,180	23.816%	12,84,180

- Terms /Rights attached to equity shares :The company has one class of equity shares having a par value of Rs10/-per share. Each shareholder is eligible for one vote per share. The dividend proposed, if any by the board of directors is subject to the approval. shareholders in the ensuring Annual General Meeting In the event of Liquidation, the equity shareholders are eligible to receive the remaining assets of the companyafter distribution of all preferential amounts,in proportion to their shareholding.

NOTE - 2 : RESERVES & SURPLUS

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Profit & Loss Account:				
Opening Balance	(3,75,09,290)		(4,20,74,548)	
Less: Profit for the year	40,65,807	(3,34,43,483)	45,65,258	(3,75,09,290)
		(3,34,43,483)		(3,75,09,290)

NOTE - 3 : LONG TERM BORROWINGS

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Loans from Directors		-		3,60,076
		-		3,60,076
Additional Notes:				
Secured		-		-
Unsecured		-		3,60,076

NOTE - 4 : TRADE PAYABLES

Particulars	Figures for the year ended March 31, 2013		Figures for the year ended March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Outstanding dues of Micro and Small Enterprises		-		-
Other than Micro and Small Enterprises		1,31,52,070		2,08,51,453
Total		1,31,52,070		2,08,51,453
Disclosure relating to Micro and Small Enterprises:				
i) (a) The principal amount remaining unpaid to the supplier as at the end of the year		NIL		NIL
i) (b) The interest due on the above amount, remaining unpaid to the supplier as at the end of the year		NIL		NIL
ii) the amount of interest paid in terms of Section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year		NIL		NIL
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006		NIL		NIL
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and		NIL		NIL
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of interest dues as disallowance as a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006		NIL		NIL

NOTE - 5 - OTHER CURRENT LIABILITIES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Provision for Income tax (MAT)		10,17,540		3,35,840
Advances from Customers		-		9,22,866
Other Payables		2,27,693		90,638
		12,45,233		13,49,344



NOTE - 6 : TANGIBLE ASSETS

Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at April 1, 2012	Additions during the Year	Sales/ Adjustments during the Year	As at March 31, 2013	As at April 1, 2012	For the Year	Sales/ Adjustments during the Year	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Vehicles	53,553	0	0	53,553	15,807	9,772	0	25,579	37,746	27,974	37,746
	53,553	0	0	53,553	15,807	9,772	,	25,579	37,746	27,974	37,746

NOTE - 7 : LONG TERM LOANS & ADVANCES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Deposits-Others		46,795		20800
Other Loans & Advances		24,920		3,20,555
		71,715		3,41,355
Secured, Considered good		-		-
Unsecured, Considered good		71,715		3,41,355
Doubtful		-		-

NOTE - 8 : INVENTORIES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Stock-in-Trade (Gold Ornaments)		2,07,21,054		91,77,482
		2,07,21,054		91,77,482
Inventories are valued at Cost or NRV whichever is lower				

NOTE - 9 : TRADE RECEIVABLES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Outstanding for a period exceeding six months		-		66,05,107
Others		1,29,00,987		2,20,62,041
		1,29,00,987		2,86,67,148
Notes:				
<u>Particulars of Trade Receivables:</u>				
Secured, Considered good		-		-
Unsecured, Considered good		1,29,00,987		2,86,67,148
Doubtful		-		-

NOTE - 10 : CASH & BANK BALANCES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Cash & Cash Equivalents:				
<u>Balances with Banks:</u>				
- In Current Accounts		11,46,445		8,64,755
Cash on hand		2,75,345		1,52,797
		14,21,790		10,17,552

NOTE - 11 : REVENUE FROM OPERATIONS

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Sales		8,84,32,473		7,31,86,555
Total:		8,84,32,473		7,31,86,555

NOTE - 12 : OTHER INCOME

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Design Receipts		2,10,000		4,10,114
Total:		2,10,000		4,10,114

NOTE - 13 : CHANGES IN INVENTORIES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Stock-In-Trade				
Balance as at beginning of the year	91,77,482		1,01,87,073	
Less: Balance as at the close of the year	2,07,21,054	(1,15,43,572)	91,77,482	10,09,591
Total:		(1,15,43,572)		10,09,591

NOTE - 14 : EMPLOYEE BENEFIT EXPENSES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Salaries & Wages		5,90,003		8,12,364
Total:		5,90,003		8,12,364

NOTE - 15 : OTHER EXPENSES

Particulars	Figures at the end of March 31, 2013		Figures at the end of March 31, 2012	
	Rs.	Rs.	Rs.	Rs.
Rent		3,67,200		3,67,300
Insurance		24,009		24,390
Rates & Taxes		99,119		1,59,686
<u>Payments to Auditors:</u>				
As Auditors	56,180		56,180	
As Tax Auditors	16,854		16,854	
		73,034		73,034
Jobwork Charges		7,60,866		0
Travelling Expenses		5,916		1,13,670
Advertisement & Publicity		81,708		91,459
Exhibitions		2,26,366		-
Postage, Telephone & Telex		62,139		43,549
Printing & Stationery		74,920		66,887
Bank Charges & Commission		3,63,617		18,444
Legal & Professional Fees		3,61,822		2,30,059
Transport & Conveyance		1,300		8807
Power & Fuel		1,35,541		1,41,112
Repairs & Maintenance		2,773		1342
Miscellaneous Expenses		50,923		89,423
Discount		32,357		
Total:		27,23,610		14,29,162

ACCOUNTING POLICIES & NOTES TO ACCOUNTS:

(A) ACCOUNTING POLICIES:

1. Basis of preparation of Accounts:

The financial statements have been prepared on the basis of going concern, under the historic cost convention, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. System of Accounting:

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis.

3. Fixed Assets:

Fixed Assets are stated at cost of acquisition plus additions/alterations/installation charges.

4. Depreciation:

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

5. Investments:

Investments are stated at cost.

6. Sales:

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

7. Inventories:

Inventories are valued at lower of cost or net realisable value

8. Account for claims:

Claims receivable are accounted on acceptance/receipt.

9. Prior period Adjustments:

Income and Expenditure relating to prior period upto Rs.5000/- in each case is accounted under natural heads of account.

(B) NOTES TO ACCOUNTS:

1. The Company changed its name from Starchik Specialities Ltd to Narbada Gems and Jewellery Ltd with effect from 11.03.08 as per the fresh certificate of Incorporation issued by the Registrar of Companies, Andhra Pradesh, Hyderabad.

2. Balances standing to the debit/credit of the parties are subject to reconciliation and confirmation by them.

3. The Company has not ascertained, from out of the amounts payable, “dues” to Small Scale undertakings.
4. No provision is made towards Income Tax and Deferred Tax, as a matter of prudence, in view of Unabsorbed Depreciation and carried forward losses.
5. The Company is in the business of trading Jewellery. It has no separate segments. Hence, Segment reporting as per AS-17 is not applicable.
6. Related part disclosure in accordance with the Accounting Standard 18:

Name of the related party with whom the transaction is made	Description of relationship with the party	Nature of Transaction	Amount Outstanding as on 31 st March, 2013
Sanghi Jewellers Pvt. Ltd.	Associate Concern	Purchase	Rs. 1,21,84,719/-

7. Quantitative particulars

Particulars	Opening stock	Purchases	Sales	Closing stock
Gold Ornaments 18k	2138.12 gms	2175.09 gms	2715.47 gms	1597.74 gms
Gold Ornaments 22K	404.12 gms	65.63 gms	72.60 gms	397.15 gms
Gold Ornaments		28038.07 gms	23141.21 gms	4896.86 gms

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

For and on behalf of the Board

**Sanjay Kumar Sanghi
Managing Director**

**Ritesh Kumar Sanghi
Director**

Hyderabad

Date: 28.05.2013

CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2013
(Pursuant to amendment to Clause 32 of listing Agreement)

	2012-13	2011-12
A) Cash Flow from Operation Activities :		
Net Profit before taxation and extraordinary items	50.83	49.01
Adjustments for		
Depreciation & Exp. Written off	0.10	0.13
Foreign Exchange	-	-
Loss on sale of Fixed Asset	-	-
Finance Charges	-	-
Excess provision written back		-
Operating Profit before working	50.93	49.14
Capital changes		
Adjustments for		
Trade and Other Receivables	157.66	-261.93
Inventories	-115.44	10.10
Long term borrowings	-3.60	0.00
Loans & Advances	2.70	-2.60
Trade Payables & Other liabilities	-78.03	180.79
Provision for Income Tax	-10.18	-3.36
Cash Used for Operations	-46.89	-77.00
Interest Paid	-	-
Cash flow before extraordinary items	4.04	-27.86
Extraordinary item	-	-
Net Cash Used for operating activities	4.04	-27.86
B) Cash Flows from Investing Activities		
Purchase of Fixed Assets		-
Deffered Revenue Expenditure	-	-
Sale of Fixed Assets	-	-
Acquisition of companies	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
Interest Received	-	-

Dividend received	-	-
Net Cash used in Investing Activities	0.00	0.00
C) Cash Flow from Financing Activities		
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	4.04	-27.86
Cash and Cash equivalents as at 31.03.2012 (Opening Balance)	10.18	38.04
Cash and Cash equivalents as at 31.03.2013 (Closing Balance)	14.22	10.18

For Narbada Gems and Jewellery Ltd.,

Sanjay Kumar Sanghi
Managing Director

Ritesh Kumar Sanghi
Director

Hyderabad
Date: 28.05.2013

AUDITOR'S CERTIFICATE

We have verified the enclosed Cash flow statement for the year ended 31st March 2013 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

Hyderabad
Date: 28.05.2013

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 31-03-2013

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	3,51,43.52	Total Assets	3,51,43.52
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SOURCES OF FUNDS

Paid-up Capital	54190	Reserves & Surplus	(33443)
Secured Loans	Nil	Unsecured Loans	Nil

APPLICATION OF FUNDS

Net Fixed Assets	27.97	Investments	Nil
Net Current Assets	20647	Misc. Expenditure	Nil
Accumulated Losses	33443		

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

Turnover	88432	Total Expenditure	83559
Profit/(Loss) before tax	5083	Profit/ (Loss) after tax	4066
Earning Per Share (Rs.)	0.75	Dividend Rate %	Nil

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

Product description: Gems & Jewellery



**TWENTY FIRST 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 Friday, the **27th SEPTEMBER, 2013 at 3.00 P.M. at Rajasthani Graduates Associates Bhavan, Abids, Hyderabad, (A.P.)**

Member's/Proxy's 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
TWENTIETH ANNUAL GENERAL MEETING
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 Friday, the **27th SEPTEMBER, 2013 at 3.00 P.M. at Rajasthani Graduates Associates Bhavan, Abids, Hyderabad, (A.P.)**

Regd Folio No / Client ID:

No. of Shares held:

As witness my / our hand(s) this _____ day of _____ of 2013

Signed by the said _____

Affix Re 1 Revenue Stamp

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

**PRINTED MATTER
BOOK - POST**



If undelivered, please return to
NARBADA GEMS AND JEWELLERY LIMITED
3-6-290/18, 1st Floor,
Sadana Building, Hyderguda,
Hyderabad - 500 029 A.P. INDIA