



17th
ANNUAL
REPORT
2008-09

NARBADA
GEMS AND JEWELLERY LIMITED

certified copy

For NARBADA GEMS AND JEWELLERY LTD.

Ranjay
Managing Director

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NARBADA GEMS AND JEWELLERY LIMITED

DIRECTORS

Shri Sanjay Kumar Sanghi (Managing Director)
Shri Ritesh Kumar Sanghi
Shri Vinod Kumar Agarwal
Shri Sunder Kanaparthi
Shri Ram Prasad Vempati

REGISTERED OFFICE

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

BANKERS

State Bank of India
Commercial Branch
Koti, Hyderabad

AUDITORS

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

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

NOTICE

NOTICE is hereby given that 17th Annual General Meeting of members of M/s NARBADA GEMS & JEWELLERY LIMITED will be held on Wenesday the 30th day of September 2009, at 11.00 A.M at Rajasthani Graduates Associates, Snatak Bhavan, Abids, Hyderabad, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon,.
2. To appoint a Director in place of Shri Vinod Kumar Agarwal who retires by rotation and being eligible himself for reappointment.
3. To appoint a Director in place of Shri Ritesh Kumar Sanghi who retires by rotation and being eligible himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

Place: Hyderabad
Date: 31.08.2009

By order of the Board
Sd/-
SANJAY KUMAR SANGHI
Managing Director

NOTES:

1. Any Member entitled to attend and vote is entitled to appoint proxy to attend and vote instead of himself /herself and the proxy need not to be the member of the Company. The instrument appointing the proxy, to be effective, should be deposited at the Registered office of the company not less than 48 hours before the Meeting .
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th, September 2009 to 30th September 2009 (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 to Share Transfer Agents.

DIRECTORS' REPORT

To,

The Members

Your Directors have pleasure to present the Seventeenth Annual Report of the Company together with the Audited Accounts of Your Company for the year ended 31st March, 2009

FINANCIAL RESULTS

Your Company's performance during the year 2008-2009 is summarized below:

(Rs. in lakhs)

Sl. #	Particulars	2008-09	2007-08
1.	Sales	222.27	688.07
2	Other Income	-	0.78
3.	Stock in hand	-	64.44
4	Total Income (1+2+3)	222.27	753.29
5	Expenditure	212.11	705.82
6	Profit / (Loss) before depreciation and Tax Expenses	10.16	47.47
7	Depreciation	0	0
8	Tax Expenses	0.02	0.02
9	Net Profit after Tax	10.13	47.45
10	Earning Per Share	0.18	0.88

BUSINESS REVIEW

Your Company has also suffered the vagaries of the recessionary pressure that set in last year and the slack operations during the year ended 31.03.2009 could generate sales of Rs 222.27 lakhs only as against sale of Rs 688.07 Lakhs during the previous Year. The huge drop in sales in the entire jewellery industry due to dipping purchasing power of the customers. Even the festival seasons could not bring required turnaround and boost to sales. This has resulted in lower profits due to the high administrative costs and the profits dipped to Rs. 10.16 lakhs as against Rs. 47.47 lakhs in previous year.

DIVIDEND:

Your directors have not recommended any dividends for the year 2008-09.

FUTURE OUTLOOK

The Company had planned to launch few brands to position itself into various customer segments. The plans could not be implemented due to the recessionary pressure and it was found prudent to hold the plans for sometime. Recently, the markets have started showing recovery in few segments and it is perceived that the jewellery market will also pick with the onset of festive season starting Dussera. The Company has used the time to build up a strategy to give a boost to exports which were started last year and a customer base was made. The Company is making efforts to enlarge the spectrum of products in traditional and diamond jewellery and is all set to embark upon a Brand building exercise in near future.

The Company has also drawn up plans for embarking upon a scheme of restructuring in order to attract fresh capital to be able to prepare itself for growth when the markets start to show positive signs of revival.

DIRECTORS

Shri Vinod Kumar Agarwal and Shri Ritesh Kumar Sanghi retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. Their respective profiles are given elsewhere in the report. Your Directors recommend their re-appointment.

FIXED DEPOSIT

Your Company has not accepted any fixed deposits from public during the year.

AUDITORS:

M/s. Venugopal & Chenoy, Chartered Accountants, the present statutory auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT: Pursuant to Section 217 (2AA) of the Companies Act, 1956.

The Directors confirm:

- (i) that in the preparation of the Annual Accounts for the year ended on 31st March 2009, 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 2009 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 2009, ongoing concern basis.

INDUSTRIAL AND PERSONNEL RELATIONS:

The relationship between the management and the employees continued to be cordial.

PARTICULARS OF EMPLOYEES:

In pursuance of the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, the Directors are to report that no employee was in receipt of emoluments as provided in the said Section.

ADDITIONAL INFORMATION AS REQUIRED U/S 217 (1) (e) OF THE COMPANIES ACT, 1956:

The statement giving particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is attached to the report.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Place: Hyderabad
Date: 31.08.2009

Sd/-
(Sanjay Kumar Sanghi)
Managing 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	2008-09	2007-08
A. POWER AND FUEL CONSUMPTION:		
Electricity		
a) Purchased : Units (KWH)	Nil	Nil
Total Amount (Rs.)		
Rate/Unit (Rs.)		
b) Own Generation		
Through diesel generator: Units (KWH)	Nil	Nil
Units per litre of diesel oil		
Cost per Unit (Rs.)		
B. CONSUMPTION PER UNIT OF PRODUCTION:	Nil	Nil

FORM B**DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

- A. RESEARCH AND DEVELOPMENT (R&D) : Not Applicable
- B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION – Not Applicable

FORM - C**FOREIGN EXCHANGE EARNINGS AND OUTGO****(in Rupees)**

Particulars	2008-09	2007-08
a) Foreign Exchange earned	Nil	Nil
b) Foreign Exchange used:	Nil	Nil

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange which contemplates compliances with the Code of Corporate Governance. It has been the constant endeavor of the Company to adhere to these Standards and hereby enhance the value of all the Shareholder with the following as main pillars:

- Transparency
- Accountability
- Fair & Equal treatment to all shareholders
- Compliance with regulation
- Ethical Practices
- Maximization of shareholder value.

As a part of the Compliances of revised Clause 49 of Listing Agreement, the Company presents hereunder the required disclosures in the form of a Report for the 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:

Sl. #	Name of the Directors	Category	Number of Directorships in other Companies	Number of Board Committee memberships held
1.	Shri Sanjay Kumar Sanghi	Managing Director and Promoter Director	3	Nil
2.	Shri Ritesh Kumar Sanghi	Non-Executive and Promoter Director	3	Nil
3.	Shri Vinod Kumar Agarwal	Non-Executive and Independent Director	3	3
4.	Shri Sunder Kanaparthi	Non-Executive and Independent Director	Nil	3
5.	Shri Vempati Ram Prasad	Non-Executive and Independent Director	2	3

2.2. Board Meeting and Procedures:

A. Guidelines:

The Company has been adopting the guidelines set forth for proper corporate governance with respect to the various matters that need to be placed before the Board for its considerations and approvals.

B. Scheduling and selection of Agenda Items for Board Meeting:

- i) According to the Companies Act, 1956, the Company is required to hold minimum of four Board Meetings in a year with one meeting held in each quarter. The Board Meeting will be 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 and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various Companies:

Sl. #	Name of the Director	Attendance	
		Board Meetings	AGM held On 29 th September, 2008.
1.	Shri Sanjay Kumar Sanghi	4	Present
2.	Shri Ritesh Kumar Sanghi	4	Present
3.	Shri Vinod Kumar Agarwal	4	-
4.	Shri Sunder Kanaparthu	2	Present
5.	Shri Ram Prasad Vempati	4	Present

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

Four (4) Board Meetings were held during the year 2008-09 on the 25th June, 2008, 28th July 2008, 31st October 2008 and 29th January, 2009.

3. AUDIT COMMITTEE:

3.1 Composition:

The reconstituted Audit Committee of the Company comprises of Three independent namely Shri V.K Agarwal, Shri K. Sunder and Shri V. Ram Prasad.. Shri V. Ram Prasad is the Chairman of the Committee.

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. T To make recommendations to the Board on any matter relating to the financial management of the Company.

3.3. Meeting and attendance during the year:

The meetings of the Audit Committee were held on 25th June, 2008, 28th July 2008, 31st October 2008 and 29th January, 2009. The Committee reviewed the Financial statements before being placed before the Board for approval.

4. Remuneration Committee:

The Remuneration Committee comprises of Shri V.K Agarwal, Shri K. Sunder and Shri V. Ram Prasad as Members and Shri V.K Agarwal is the Chairman. Since none of the Directors or Senior level Managers were drawing substantial remuneration, no meetings of the Committee were held during the period ended 31st March, 2009.

Remuneration Details:

NIL

5. Shareholders Grievance Committee:

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

Sl. #	Name	Status
1.	Shri V.K.Agarwal	Chairman
2.	Shri Sunder Kanaparthi	Member
3.	Shri Vempati Ram Prasad	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, 2009.

Meeting and attendance during the year:

The meetings of the Committee were held during the year on 31.05.2008, 16.06.2008, 15.07.2008, 30.08.2008, 15.09.2008, 30.09.2008, 31.10.2008 and 15.01.2009 mainly for approval of share transfers.

The Company has appointed Mr.G.Murali 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:

Sl. #	Year	Venue	Date / Time	Nature of Special Resolution passed
1.	2005-06	Surana Auditorium, FAPPCI Bahwan, Red Hills, Hyderabad.	27 th December, 2006 / 10.30 A.M.	Alteration of Main Objects on Memorandum of Association.
2.	2006-07	Surana Auditorium, FAPPCI Bahwan, Red Hills, Hyderabad.	29 th December, 2007 at 11.30 A.M.	Change in the Name of Company to Narbada Gems & Jewellery Limited
3	2007-08	J.S. Krishna Murthy Hall, FAPCCI Bhavan, Red Hills, Hyderabad- 500004	29 th September, 2008 at 11.30 A.M.	Nil

7. DISCLOSURES

- 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 Management Discussion and Analysis is provided elsewhere in this report.

8. Means of Communication:

Quarterly Results:

The quarterly results for the first, second and third quarter ended on 30th June, 2008, 30th September, 2008 and 31st December, 2008 respectively were published in Business standard and Andhra Prabha.

9. General Shareholder Information:

9.1 Annual General Meeting:

Date and Time : 30th September, 2009 at 11.00 AM.

Venue : Rajasthani Graduates Association, Snatak Bhavan, 5-4-790/1, Aashirwad complex, 1st Floor, Lane opp.Pulla Reddy sweet house, Abids, Hyderabad, (A.P.)

9.2. Financial Calendar (tentative):

Results for the quarter ending June 30, 2009 : Last week of July, 2009

Results for the quarter ending September 30, 2009 : Last week of October, 2009.

Results for the quarter ending December 31, 2009 : Last week of January, 2010.

Results for the year ending March 31, 2010 : Last week of June, 2010

Annual General Meeting : September, 2010

9.3. Date of Book closure : 25th September, 2009 to 30th September, 2009 (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 Association Ltd.
c) Delhi Stock Exchange Association Ltd.

9.6. Stock Code : 519455 at BSE

9.7. Market Price Data : Not applicable as the shares are not being traded.

9.8 Listing fees : The Listing Fees for the year 2009 - 2010 has been paid to the Stock exchanges.

9.9. Registrar and Transfer Agents M/s. CIL SECURITIES LIMITED.

& SHARE TRANSFER AGENTS 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 ,2009

CATEGORY	No. of Shares	Number Shareholder	% of OF SHAREHOLDING
Promoters Holding	2561660	2	47.51
Corporate Bodies	93000	28	1.72
Indian Public	2718440	5800	50.42
NRI'S / OCB's	19100	34	0.35
TOTAL	5392200	5864	100

9.12 DISTRUBTION OF SHAREHOLDING (AS ON 31.03.2009)

Category (No. of shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 5000	4788	81.62	1318430	24.45
5001-10000	745	12.70	601100	11.15
10001-20000	237	4.04	349700	6.49
20001-30000	44	0.75	111900	2.08
30001-40000	16	0.28	55790	1.03
40001-50000	11	0.19	52700	0.98
50001-100000	9	0.15	63800	1.17
Above 100001	16	0.27	2838780	52.65
Total	5866	100	5392200	100

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

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 :31st August, 2009

SANJAYKUMAR 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, 2009 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 statements 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 accounting policies made during the year and that the same have been disclosed in the notes to 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 :31st August, 2009

SANJAYKUMAR SANGHI
MANAGING DIRECTOR

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, 2009 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.

Place: Hyderabad

Date: 31.08.2009

Membership No.21961

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 Indian economy has been robust before the recessionary pressures started hitting all sectors. The slowdown which started in United States did not have immediate impact on the Indian economy because of its robust nature and the Reserve Bank and the Government of India took immediate measures that did not allow the economy as a whole to sink. However, of late the pressure began to show and the economy reported GDP growth of 6.2% annually as against targeted 9.1%. This coupled with spiraling inflation touching negative of 1.1% showed signs of deflation setting in resulting in very steep rise in prices of essential commodities. This led the entire Jewellery market to take a back seat. The entire industry has thus hit a slowdown with very poor demand emanating from both domestic and overseas customers. The squeeze in credit availability to individuals and corporate also gave a jolt to all revival plans. The Indian jewellery, bullion and gems market is mostly in manufacture of ornamental and studded jewellery in which the Company specializes. The Company has been on a look out of large pie of Hyderabad market and also the markets for Exports which fancy Indian designs but the plans for Brand positioning were deferred and are on hold to see some revival in the markets.

Opportunities and Threats

The Company is a Jewellery manufacturing and trading company and the field is wide enough for many players to operate in the arena. However, the slowdown witnessed by one and all has hampered all plans from all players in the field and every jewellery business is slogging for break even. The changing fashion concepts with dynamic designing flavours from across the world with cost effective products are a constant threat since inventories tend to hook up with every change. On the brighter side, this also offers opportunities to explore other markets in the world where the fashion concepts are late to reach. Indian designs continue to find acceptance across the markets in USA and Europe while serious competition is within India. However, proper marketing strategies with an effort to position a Brand in short time seeing the revival will open up new vistas for the Company in future.

Outlook

The investor profile in Jewellery, ornaments and bullion has changed largely over the period and includes from High Net worth Individuals (HNIs) to young employed individuals who are employed and small businesses and also college going youth. This employed youth is now a large segment generating huge demand for middle level investments in gold and other metals, jewellery. Your Company is trying to position itself as a target destination for demand from all quarters of the society. The Company is also at advanced stage of negotiations for marketing tie ups with already existing Mega Brands for regular supplies to them which could also enhance Company's exposure to changing market scenerios.. With such positioning, the Company expects to generate revenues of approx. Rs. 1000 lakhs in the current financial year.

Risks and concerns

With the opening up of the Indian economy, many a leading foreign brands are opening stores in India which are mainly positioned to cater to young employed and college youth apart from High end jewellery. With the advent of these, the fashion statement in Indian jewellery is slated to undergo a huge change . Your Company is now gearing up to cater to these multinational brands also in addition to the existing Indian brands so that the larger spread of products can be offered to the varied market. Also the availability of credit for the Jewellery manufacturers has been tight from the Banking system since the marketing outfits are taking away large part of the credit offtake from Banks. Also the ever rising prices of gold in international markets has reduced the capacity to hold inventories for future productions for the Company. This will slow down the cycle of manufacturing thereby leading to lower turnovers and pressure on profitability.

Internal control systems and their adequacy

The internal control systems are aimed at promoting operational efficiencies. The Company is conducting

internal audit at regular intervals to ensure that:

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

The internal audit is conducted as per the requirement of the Company and the report is submitted to the Audit committee and to the Management. It reviews the policies and procedures followed.

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, 2008

Fixed Assets

Fixed Assets (Net Block) is NIL during the financial year as all assets were sold during the financial year 2007-08.

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.

AUDITORS' REPORT

To
The Members,
Narbada Gems and Jewellery Ltd.,
(formerly Starchik Specialities Ltd.)
Hyderabad.

We have audited the attached Balance Sheet of **Narbada Gems and Jewellery Ltd.**(formerly **Starchik Specialities Ltd.**), Hyderabad, as at March 31, 2009, 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, 2009, 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, 2009;
 - (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.

Hyderabad
31.08.2009

For VENUGOPAL & CHENYO,
CHARTERED ACCOUNTANTS,
(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 does not have any fixed assets during the year.
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. 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, 2009. 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.

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,
CHARTERED ACCOUNTANTS,

Hyderabad
31.08.2009

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

BALANCE SHEET AS AT 31 MARCH, 2009

	SCHEDULE	31.03.2009 Rs.	31.03.2008 Rs.
<u>I SOURCES OF FUNDS:</u>			
1. <u>Shareholders' Funds:</u>			
Share Capital	'A'	54,189,700	54,189,700
2. <u>Loan Funds:</u>			
Unsecured Loans - Directors		360,076	360,076
		<u>54,549,776</u>	<u>54,549,776</u>
<u>II APPLICATION OF FUNDS</u>			
1. <u>Current Assets, Loans & Advances:</u>			
Stock-in-Hand	'B'	-	6,444,143
VAT receivable		-	78,574
Sundry Debtors		4,087,526	3,848,616
Cash & Bank Balances		5,984,073	245,250
Loans & Advances		<u>20,800</u>	<u>169,800</u>
		10,092,399	10,786,383
Less: Current Liabilities & Provisions	'C'	<u>359,392</u>	<u>2,066,987</u>
		9,733,007	8,719,396
2. Profit & Loss Account		44,816,769	45,830,380
3. Notes to Accounts	'G'	<u>54,549,776</u>	<u>54,549,776</u>

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

For NARBADA GEMS AND JEWELLERY LTD.,

Place : Hyderabad
Date : 31.08.2009

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

Sd/-
Sanjay Kumar Sanghi
MANAGING DIRECTOR

Sd/-
Ritesh Kumar Sanghi
DIRECTOR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2009

	SCHEDULE	31.03.2009 Rs.	31.03.2008 Rs.
<u>INCOME:</u>			
Sales	'D'	22,227,206	68,807,238
Other Income	'E'	-	78,574
Stock-in-Hand		-	6,444,143
		<u>22,227,206</u>	<u>75,329,955</u>
<u>EXPENDITURE:</u>			
Opening Stock		6,444,143	
Purchases		13,523,658	69,518,800
Selling, Administration & Other Expenses		1,243,276	1,064,139
		<u>21,211,077</u>	<u>70,582,939</u>
Profit/(-) Loss for the year		1,016,129	4,747,016
Less: Provision for Income Tax:		-	-
FBT		2,518	1,602
		<u>2,518</u>	<u>1,602</u>
		1,013,611	4,745,414
Add(Deduct) Profit(-)Loss brought forward from previous year		(45,830,380)	(50,575,794)
Balance carried to Balance Sheet		<u>(44,816,769)</u>	<u>(45,830,380)</u>

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

For NARBADA GEMS AND JEWELLERY LTD.,

Place : Hyderabad
Date : 31.08.2009

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

**Sd/-
Sanjay Kumar Sanghi
MANAGING DIRECTOR**

**Sd/-
Ritesh Kumar Sanghi
DIRECTOR**

SCHEDULE 'A'	31.03.2009	31.03.2008
	Rs.	Rs.
<u>SHARE CAPITAL:</u>		
Authorised:		
6500000 Equity Shares of Rs.10/- each (31.03.2008 - 6500000 Equity Shares of Rs.10/- each)	65,000,000	65,000,000
<u>Issued, Subscribed & Paid-Up:</u>		
5392200 Equity Shares of Rs.10/- each, fully paid (31.03.2008 - 5392200 Equity Shares of Rs.10/- each, fully paid)	53,922,000	53,922,000
Add: Shares Forfeited Account	267,700	267,700
	<u>54,189,700</u>	<u>54,189,700</u>
SCHEDULE 'B'		Rs.
<u>CURRENT ASSETS, LOANS & ADVANCES:</u>		
(A) <u>CURRENT ASSETS:</u>		
Stock-in-Hand		6,444,143
Sundry Debtors: (Unsecured, Considered Good)		
- outstanding for more than six months		
- others	4,087,526	3,848,616
Cash & Bank Balances:		
Cash on hand	379,195	97,943
Bank balances: With Scheduled Banks:		
- In Current Accounts	5,604,878	147,307
(B) <u>LOANS & ADVANCES:</u>		
(Unsecured, Considered Good recoverable in Cash or in kind or for value to be received)		
VAT receivable	-	78,574
Deposits	20,800	169,800
	<u>10,092,399</u>	<u>10,786,383</u>

SCHEDULE 'C'	31.03.2009	31.03.2008
	Rs.	Rs.
<u>CURRENT LIABILITIES & PROVISIONS:</u>		
<u>(A) CURRENT LIABILITIES:</u>		
Sundry Creditors - For Goods	-	1,876,800
- For Expenses	123,658	123,658
Other Liabilities	235,734	66,529
<u>(B) PROVISIONS</u>		
Provision for Income Tax	-	0
	<u>359,392</u>	<u>2,066,987</u>
<hr/>		
SCHEDULE 'D'	31.03.2009	31.03.2008
<u>SALES:</u>		
Domestic Sales - Gross	22,227,206	68,879,336
Less: VAT	-	72,098
	<u>22,227,206</u>	<u>68,807,238</u>
<hr/>		
SCHEDULE 'E'	31.03.2009	31.03.2008
<u>OTHER INCOME:</u>		
VAT refund	-	78,574
	<u>0</u>	<u>78,574</u>

SCHEDULE 'F'	31.03.2009	31.03.2008
	Rs.	Rs.
<u>SELLING, ADMINISTRATION & OTHER EXPENSES:</u>		
Salaries	765,206	218,313
Advertisement	27,784	17,988
Consultancy Charges	142,236	83,804
General Expenses	14,510	10,521
Postage & Telegrams	27,335	24,946
Printing & Stationery	37,720	18,697
Fees, Rates & Taxes	91,711	63,548
VAT/Sales Tax	86,174	8,012
Bank charges	375	1,110
Professional tax	-	5,000
Job work charges	-	554,960
Sales promotion	-	7,000
Staff Welfare	225	240
<u>Auditors Remuneration:</u>		
Audit Fees	35,000	35,000
Tax Audit Fees	15,000	15,000
	<u>1,243,276</u>	<u>1,064,139</u>

Schedule 'G'

Notes to Accounts and Significant Accounting Policies:

(A) Significant Accounting Policies:

1. **Basis of accounting:**

Financial statements are prepared on a going concern basis under historical convention, on accrual basis.

2. **Fixed Assets:**

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

3. **Depreciation:**

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

4. **Investments:**

Investments are stated at cost.

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

3. Transactions during the year with related parties:

<u>Nature of Transaction</u>	<u>Associate(Rs.)</u>
(a) Purchases	1,35,23,658
(b) Sundry Creditors	Nil

4. Quantitative Particulars:

Particulars	Opening	Purchases Stock	Sales	Closing Stock
Gold Ornaments	5002.060 gms.	10899.390 gms.	15901.450 gms.	Nil

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

As per our report attached
for Venugopal & Chenoy
Chartered Accountants

FOR NARBADA GEMS AND JEWELLERY LTD.,

PLACE:HYDERABAD
DATE:31/08/2009

(SANJAY KUMAR SANGHI)
MANAGING DIRECTOR

(RITESH KUMAR SANGI)
DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

(Pursuant to amendment to clause 32 of listing agreement)

	2008-09		2007-2008	
A) Cash Flow from Operation Activities :				
Net Profit before taxation and extraordinary items	10.13		47.45	
Adjustments for				
Depreciation & Exp. Written off	-		-	
Foreign Exchange	-		-	
Loss on sale of Fixed Asset	-		-	
Finance Charges	-		-	
Operating Profit before working	10.13		47.45	
Capital changes				
Adjustments for				
Trade and Other Receivables	-2.39		-18.73	
Inventories	64.44		-64.44	
VAT Receivable	0.78		-0.78	
Loans & Advances	1.49		-	
Trade Payables & Other liabilities	-17.06		18.83	
Provision for Income Tax	-		-	
Cash Used for Operations	57.39		-17.67	
Interest Paid			-	
Cash flow before extraordinary items	57.39		-17.67	
Extraordinary item	-		-	
Net Cash Used for operating activities		57.39		-17.67
B) Cash Flows from Investing Activities				
Purchase of Fixed Assets	-		-	
Deferred Revenue Expenditure	-		-	
Sale of Fixed Assets	-		-	
Acquisition of companies	-		-	
Purchase of Investments	-		-	
Sale of Investments	-		-	

	2008-09		2007-08	
Interest Received	-		-	
Dividend received	-		-	
Net Cash used in Investing Activities		0		0
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		0
Net Incease in cash and cash equivalents		57.39		-17.67
Cash and Cash equivalents as at 31.03.2008 (Opening Balance)		2.45		20.12
Cash and Cash equivalents as at 31.03.2009 (Closing Balance)		59.84		2.45

Place : Hyderabad

Date : 31.08.2009

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 2009 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

For Venugopal & Chenoy
Chartered Accountants

Place : Hyderabad

Date : 31.08.2009

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	31-03-2009		

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	Nil	Investments	Nil
Net Current Assets	9733	Misc. Expenditure	Nil
Accumulated Losses	44817		

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

Turnover	22227	Total Expenditure	21211
Profit/(Loss) before tax	1016	Profit/(Loss) after Tax	1014
Earnings Per Share (Rs.)	Nil	Dividend Rate %	Nil

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

Product description

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

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

PROXY FORM

I/We _____ of _____ being Member/
Narbada Gems and Jewellery Limited, hereby appoint Mr./ Ms. _____ of
_____ or failing him/ her, Mr./ Ms. _____ of
_____ as my/our proxy to attend and vote for me/us on my/our behalf at the
Sixteenth Annual General Meeting of the Company to be held on Wednesday, 30th September, 2009 at
11.00 AM. at Rajasthani Graduates Association, Abids, Hyderabad-1 and at any adjournment thereof.

Folio # / Client id:

As witness my/our hand (s) this _____ day of _____ of 2009.

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.



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

Registered Office: Sadana Building, 1st Floor
Hyderguda,Hyderabad-500029

ATTENDANCE SLIP

I hereby record my presence at the Seventeenth Annual General Meeting of the Company on:

Date	Venue	Time : 11.00 a.m.
30-09-2009	Rajasthani Graduates Association "Snatak Bhavan, 5-4-790/1, Aashirwad Complex, 1st Floor, Lane Opp. Pulla Reddy Sweet House, Abids, Hyderabad - 1.	

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

Member's/Proxy signature

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

**PRINTED MATTER
BOOK - POST**

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