

  
**Narbada**  
Gems & Jewellery Limited

Date: 08.10.2016

To  
The Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400001

**Sub.: Annual Report 2015-16**  
**Ref: BSE Scrip Code - 519455**

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit herewith the Annual Report of the Company for the Financial Year 2015-16 as approved and adopted by the members in the 24<sup>th</sup> Annual General Meeting held on Wednesday, 28<sup>th</sup> September, 2016.

This is for your information and records in compliance with the Listing Regulations.

Thanking You

Yours faithfully,  
For **NARBADA GEMS AND JEWELLERY LIMITED**

  
(Shreya Mangal)  
Company Secretary



Encl: As stated above.



**24<sup>th</sup> ANNUAL REPORT  
2015-16**



**BOARD OF DIRECTORS**

Shri Sanjay Kumar Sanghi	- Managing Director
Shri Ritesh Kumar Sanghi	- Director
Shri Siddharth Goel	- Director
Shri Ram Prasad Vempati	- Director
Shri Vinod Agarwal	- Director
Smt. Bhavna Sanghi	- Director
Shri Bajranglal Agarwal	- Chief Financial Officer
Ms. Shreya Mangal	- Company Secretary

**AUDITORS**

M/s Venugopal & Chenoy  
Chartered Accountants, Tilak Road,  
Hyderabad - 500001

**BANKERS**

State Bank of India  
Commercial Branch  
Koti, Hyderabad

**REGISTERED OFFICE**

3-6-290/18, 1<sup>st</sup> Floor, Sadana Building  
Hyderguda, Hyderabad- 500029  
Phone : 040-66668211

**REGISTRAR & SHARE TRANSFER AGENTS**

M/s CIL Securities Limited  
208, Raghava Ratna Towers  
Chirag Ali Lane, Abids  
Hyderabad- 500001  
Phone- 23202465 Fax: 010-23203028  
Email- cilsec@rediffmail.com

## Narbada Gems & Jewellery Limited

### 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 MCA 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@nabadajewellery.com](mailto:comsec@nabadajewellery.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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## Narbada Gems & Jewellery Limited

### NOTICE

Notice is hereby given that the **24th Annual General Meeting** of the Members of the Company will be held at Rajasthani Graduates Association, 'Snatak Bhavan', First Floor, Abids, Hyderabad- 500001 on Wednesday, the **28th day of September, 2016 at 11:30 A.M.** to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at **31st March, 2016** and Profit & Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint director in place of Shri Ritesh Kumar Sanghi, Director (DIN: 00628033), who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint auditors and to authorise the Board to fix their remuneration.

**"RESOLVED THAT** pursuant to the provisions of Section 139,142 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under, as amended from time to time, and the resolution passed by the Members in their 22nd Annual General Meeting, the appointment of M/s Venugopal & Chenoy, Chartered Accountants (Firm Reg. No. 004671S, M. No. 21961), Hyderabad as the Statutory Auditors of the Company to hold office until the conclusion of Annual General Meeting of the Company to be held in the calendar year 2017, be and is hereby ratified, at such remuneration as may mutually agreed upon between the Board of Directors of the Company and the Auditors."

#### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED FURTHER THAT** pursuant to the Section 188(1)(a), and other applicable provisions, if any of the Companies Act, 2013, and Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may constitute for this purpose) for execution of contracts with M/s Sanghi Jewellers Private Limited, for a period from 01.10.2016 to 31.12.2019, for supply of various manufactured products and undertaking job work and allied services for a total value of Rs. 50,00,00,000/- (Rupees Fifty Crores only) during the proposed period between the Company and M/s Sanghi Jewellers Private Limited as under:

S. No.	Name of the Contracting Party	Period of Contract	Total Value of Contract (Rs.)
1.	Sanghi Jewellers Private limited	01.10.2016 to 31.12.2019	Rs. 50,00,00,000/-

**"RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorised to enter into contract for and on behalf of the Company with M/s Sanghi Jewellers Private Limited for purchase of various manufactured products and job work services and to make necessary entries in the Register of Contracts maintained under Section 189 of the Companies Act, 2013 and to do all such acts, deeds and things as may be necessary in this regard to give effect to the above resolution."

**Date** : 25.08.2016

**Place** : 3-6-290/18, 1<sup>st</sup> Floor, Sadana Building  
Hyderguda, Hyderabad- 500029

**For and on behalf of the Board**

**Sd/-**

**Sanjay Kumar Sanghi**  
**Managing Director**  
**DIN: 00629693**

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

**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 **22nd September, 2016 to 28th September, 2016**(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. Instructions for e-voting facility being provided through CDSL are given elsewhere in the Notice.
8. Members are requested to notify change of address, if any, to the Company's Share Transfer Agents immediately.
9. Members / Proxies are requested to bring their attendance slips along with their copies of Annual Report to the Meeting.
10. The Equity Shares of the Company are in Compulsory Trading in dematerialized form (Scripless trading in electronic form) through Depository Participants. The ISIN Code is **INE540C01013**.
11. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote.
12. **The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s).** Members holding shares in physical form shall submit their PAN details to the Company or the Registrar and Share Transfer Agents of the Company.
13. The relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, between 11.00 A.M. and 1.00 P.M. up to the date of the declaration of result.
14. A Member can opt only one mode for voting i.e. either Physical or e-voting. In case a member opts e-voting, he cannot exercise his vote through physical ballot form and vice-versa. However, in case member(s) cast their vote both by Physical Ballot and e-voting, then the voting done through physical Ballot shall prevail and voting done by e- voting will be treated as invalid. Instructions for e-voting facility being provided through CDSL are given elsewhere in the Notice.
15. Shri Ajay S. Shrivastava, Practicing Company Secretary has been appointed as "Scrutinizer" for the Special business mentioned to be conducted by e-voting/physical ballot.
16. The Results of the e-voting will be declared by the Directors by **1st October, 2016, 3:30 P.M** at the Registered Office of the Company at Hyderabad.
17. The Explanatory Statement under Section 102(1) of the Companies Act, 2013 in respect of Item No. 4 is annexed herewith.

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18. 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:

**Shri Ritesh Kumar Sanghi**, aged about 44 years has rich and varied experience in the field of production processes in which the Company is engaged, as well as in strategy formulation and management. He has an experience of about 25 years in the jeweler industry. His shareholding in the Company is 12,84,180 equity shares representing 23.82% of total share capital of the Company as on 31st March, 2016.

His directorships in other public companies as on 31.03.2016 are:

1. Uday Jewellery Industries Limited
2. Trisa Retail Limited

### 19. **VOTING THROUGH ELECTRONIC MEANS**

I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

#### III. **The process and manner for remote e-voting are as under:**

- (i) The remote e-voting period commences on **25th September, 2016 at 09:00 A.M** and ends on **27th September, 2016 at 05:00 P.M**. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **21st September, 2016** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company, excluding the special characters.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:



For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account with the depository or in the company records for your folio in dd/mm/yyyy format
Bank	Enter the Bank Account Number as recorded in your demat account with the depository or in the company records for your folio.
Number	<ul style="list-style-type: none"> <li>Please Enter the DOB or Bank Account Number in order to Login.</li> <li>If both the details are not recorded with the depository or company then please enter the member-id / folio number in the Bank Account Number details field as mentioned in above instruction ( iv ).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e. 'NARBADA GEMS AND JEWELLERY LIMITED' on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Institutional Shareholders & Custodians :
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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- After receiving the login details they have to create a compliance user which should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to helpdesk.evoting@cdslindia.com or contact them at 1800 200 5533
- (xx) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
20. Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at [comsec@narbadajewellery.com](mailto:comsec@narbadajewellery.com) with a copy marked to helpdesk.evoting@cdslindia.com on or before 27th September, 2016, upto 5:00 pm without which the vote shall not be treated as valid.
21. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **21st September, 2016**. A person who is not a member as on cut off date should treat this notice for information purpose only.
22. The notice of Annual General Meeting will be sent to the members, whose names appear in the register of members / beneficiary owners as at closing hours of business, on 26th August, 2016.
23. The shareholders shall have one vote per equity share held by them as on the cut-off date of **21st September, 2016**. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
24. Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **21st September, 2016** and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
25. Notice of the AGM along with attendance slip, proxy form along with the process, instructions and the manner of conducting e-voting is being sent electronically to all the members whose e-mail IDs are registered with the Company / Depository Participant(s). For members who request for a hard copy and for those who have not registered their email address, physical copies of the same are being sent through the permitted mode.
26. Investors, who became members of the Company subsequent to the dispatch of the Notice / Email and hold the shares as on the cut-off date i.e. **21st September, 2016**, are requested to send the written / email communication to the Company at [comsec@narbadajewellery.com](mailto:comsec@narbadajewellery.com) by mentioning their Folio No. / DP ID and Client ID to obtain the Login-ID and Password for e-voting.
27. Shri Ajay S. Shrivastava, Practicing Company Secretary (Certificate of Practice Number 3479) has been appointed as the Scrutinizer to scrutinize the remote e-voting process and voting at the AGM in a fair and transparent manner. The Scrutinizer will submit, not later than 3 days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

28. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.narbadajewellery.com and on the website of CDSL. The same will be communicated to the listed stock exchanges viz. the BSE Limited.

**EXPLANATORY STATEMENT**

(Section 102(1) of the Companies Act, 2013)

**Item No. 4:**

The Members are informed that with intent to continue to support the growth and stability of the business of the Company, the promoters wish to enter into various contracts for purchase of products and to accept Job work services with the Company's Associate concerns which belong to the promoter group. In this regard, the Company approached M/s Sanghi Jewellers Private Limited (SJPL); wherein the three Promoter Directors of the Company namely Shri Sanjay Kumar Sanghi, Shri Ritesh Kumar Sanghi and Smt. Bhavna Sanghi are also the directors of SJPL; in their prospering business venture.

**Details of Contract:**

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
1.	Name of the Related Party and nature of relationship	Sanghi Jewellers Private Limited - Associate Concern
2.	Nature/ Terms of Contract	Purchase or Sale of various manufactured products and taking jobwork and allied services for dealing and trading in plain and precious stone studded gold jewellery.
3.	Period of Contract	01.10.2016 to 31.12.2019
4.	Approximate Value of Contract	Rs. 50,00,00,000/- (Rupees Fifty Crores only)
5.	Prior Approvals (if any)	Approval from members taken at the Annual General Meeting held on 29th September, 2015, for entering into such transactions from 01.10.2015 to 30.09.2016 for an amount of Rs. 25 crores.

Majority of the Directors - Shri Sanjay Kumar Sanghi, Shri Ritesh Kumar Sanghi and Smt. Bhavna Sanghi are interested persons in the contracting entity i.e. Sanghi Jewellers Private Limited. Further, in accordance with first proviso to Section 188 of the Companies Act, 2013 read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended, prior approval of the members of the Company by way of ordinary resolution is required for entering into such contracts.

The Board recommends for the approval of the resolution.

**Date** : 25.08.2016

**Place** : 3-6-290/18, 1<sup>st</sup> Floor, Sadana Building  
Hyderguda, Hyderabad- 500029

**For and on behalf of the Board**

**Sd/-**

**Sanjay Kumar Sanghi**  
**Managing Director**  
**DIN: 00629693**

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

**DIRECTORS' REPORT**

**To  
The Members,**

Your Directors have pleasure in presenting the **Twenty Fourth Annual Report** together with the audited accounts of the Company for the Financial Year ended **31st March, 2016**

**1. FINANCIAL SUMMARY**

**(Rs. in lakhs)**

<b>Particulars</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
Revenue from operations	1312.28	1640.67
Other Income	—	—
Total Income	1312.28	1640.67
Expenses	1245.87	1588.58
Profit before tax	66.41	52.09
Tax Expense	15.31	10.32
Profit after Tax	51.10	41.77
Earnings per share	0.95	0.77

**2. STATE OF COMPANY'S AFFAIR**

During the Financial Year 2015-16, the revenue from operations was Rs. 1312.28 Lakhs as compared to Rs. 1640.67 Lakhs in the previous year. Though the revenue from operations has decreased, but the overall performance of the Company demonstrates growth and development.

The gems and jewellery industry was faced with slowdown in the world economy, which reduced the demand of luxury goods. Also, the gems and jewellery sector has expressed disappointment over the government's proposal to impose 1% excise duty in Budget 2016.

Although, as compared to previous year, the Company's profit has increased from Rs. 52.09 Lakhs to Rs. 66.41 Lakhs, the Earning per share of the Company, during the reporting period, demonstrates the improved financial position of the Company.

**3. REDUCTION OF CAPITAL:**

The Company has filed a Petition for approval/confirmation of the Special resolution passed by the Members in Extra Ordinary General Meeting held on 23rd May, 2016 for Scheme of Reduction of Capital with the Hon'ble High Court of Telangana and Andhra Pradesh, in accordance with Section 100-102 of the Companies Act, 1956, proposing to set-off the Accumulated losses against the Paid-up share capital of the Company. The Company is seeking to reconstruct and restructure its capital by way of writing-off its accumulated business loss against the reduction of its paid up capital which is not represented by available assets. This restructuring of capital will enable the Company to approach for financial assistances in order to develop its business and thereby increase its net worth to enhance the stakeholders' value.

**3A. DIVIDEND:**

In order to conserve resources for further expanding the Company's business, your Directors have opined to not recommend any dividend for the year 2015-16.

**4. RESERVES**

Amount to be carried forward to the reserves Rs. 51.10 Lakhs.

**5. SHARE CAPITAL**

The paid up share capital of the Company is Rs. 5,39,22,000/- divided into 53,92,200 equity shares of Rs. 10/- each at the year end. During the year under review, the Company has not issued and allotted any equity shares out of the unissued share capital.

**6. LISTING AGREEMENT:**

The Securities and Exchange Board of India (SEBI) in September,2015, issued SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015 with the aim to consolidate and

streamline the provisions of the Listing Agreement and the Companies Act, 2013, for different segments of capital markets to ensure better enforceability. The said regulations were effective from 1st December, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited.

The shares of your Company are listed at BSE Ltd., Madras Stock Exchange Limited (De-recognised) and Delhi Stock Exchange Association Limited (De-recognised). The Company has duly complied with all the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **CORPORATE GOVERNANCE**

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. This is vital to gain and retain the trust of our stakeholders.

Your Company has been constantly reviewing and benchmarking itself with well-established standards of Corporate Governance besides strictly complying with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It is to be noted that pursuant to Regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with the Corporate Governance provisions as specified in Reg. 17-27, clauses (b) to (i) of Reg. 46(2) and para C, D and E of Schedule V **does not apply** to your Company as its paid-up share capital does not exceed Rs. 10 Crores and networth does not exceed Rs. 25 Crores, as on the last day of previous financial year.

Although, the Board of Directors and the management of the Company believes that the compliance of law should be in true letter and spirit and that the Company's legacy of fair, transparent and ethical governance practices shall be maintained.

#### **7. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015, the Board of Directors of your Company is duly constituted with an optimum combination of executive and non-executive directors. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr. Ritesh Kumar Sanghi retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. His profile is given elsewhere in the report. Your Directors recommend his re-appointment.

As per Section 203 of Companies Act, 2013, your Company has appointed Mr. Bajranglal Agarwal as the Chief Financial Officer of the Company, considering his expertise and experience.

During the period under review, Ms. Bandana Sangai has resigned as the Company Secretary of the Company. Ms. Shreya Mangal, an Associate Member of the Institute of Company Secretaries of India, was appointed as the Company Secretary and Compliance Officer of the Company as per Section 203 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Rules, 2015.

#### **8. NUMBER OF MEETINGS OF THE BOARD:**

- i) 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, 2013.

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- ii) 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.
- iii) Notice of the Board Meeting and the notes to agenda are sent to all the Directors of the Company in advance
- iv) Any sensitive matter may be discussed at the meeting without prior intimation to directors in exceptional circumstances.
- v) Seven (7) board meetings were held during the year and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are: 29.05.2015, 04.08.2015, 27.08.2015, 29.09.2015, 13.11.2015, 31.12.2015 and 12.02.2016. The attendance of each director at the Board Meetings is as follows:

S. No.	Name of Director	Board Meeting	
		Held	Attended
1	Shri Sanjay Kumar Sanghi	7	7
2	Shri Ritesh Kumar Sanghi	7	5
3	Shri Siddharth Goel	7	7
4	Shri Ram Prasad Vempati	7	6
5	Shri Vinod Agarwal	7	6
6	Smt. Bhavna Sanghi	7	7

The necessary quorum was present for all the meetings.

### 9. **DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms and conditions of appointment of independent directors is provided in "Annexure- I".

The Independent Directors of the Company have convened a meeting on 12th February, 2016, exclusively without the presence of non-independent Directors and other members of management, for the evaluation of the Board.

### 10. **BOARD EVALUATION:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors.

The performance of the Board was evaluated after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and its functioning. In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Board approved the evaluation results as collated by the nomination and remuneration committee.

The Board Evaluation Policy specifying the manner and process of evaluation of the performance of the Board is attached as "Annexure -II" to this report.

## 11. MANAGERIAL REMUNERATION

No remuneration is paid to the Managing Director or the Whole-time Directors of the Company. The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration) Rules, 2014 and Companies (Particulars of Employees) Rules 1975, in respect of employees of the Company and Directors is furnished hereunder:

- i) Median remuneration of the Company for all its employees is Rs 1,54,399/- for the Financial Year 2015-16.
- ii) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16.- N.A. Since no remuneration is being paid to the directors.
- iii) **Details of percentage increase in the remuneration of each Director and CFO and Company Secretary in the Financial Year 2015-16 are as follows:**

Name	Designation	Remuneration (in Rs.)		Increase %
		2015-16	2014-15	
Sanjay Kumar Sanghi	Managing Director	-	-	-
Ritesh Kumar Sanghi	Director	-	-	-
Bajranglal Agarwal	Chief Financial Officer*	79,310*	-	N.A.
Bandana Sangai	Company Secretary	1,40,000*	-	N.A.

\* For part of the current year only.

- iv) **Percentage increase in the median remuneration of all employees in the financial year 2015-16:**

Particulars	2015-16 (Amt in Rs.)	2014-15 (Amt in Rs.)	Increase /decrease)%
Median remuneration of all employees per annum	1,54,399/-	85,877/-*	N.A.

\* For part of the previous year only.

- v) Number of permanent employee on the rolls of the Company as on 31st March, 2016 are less than 10 members.

## 12. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

At the time of appointment of an independent director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a director. The Company's Policy for familiarization of Independent Directors is annexed as "**Annexure -III**" to this report.

## 13. COMMITTEES OF THE BOARD:

The establishment of board committees can brings more focus to the board's oversight. They improve the effectiveness of the Board in areas where more focus and specialization is deemed necessary. Presently the Board has constituted three committees:

- Audit committee;
- Nomination and Remuneration committee;
- Stakeholders' Relationship committee,

## Narbada Gems & Jewellery Limited

### 13A. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of the erstwhile Listing Agreement, present SEBI Listing regulations read with Section 177 of the Companies Act, 2013. The composition of the audit committee and the details of meetings attended by its members is given under:

S No.	Name of the Director	Category	Number of meetings during the FY 2015-16	
			Held	Attended
1.	Shri Ram Prasad Vempati - (Chairman)	Independent Non- Executive	5	4
2.	Shri Siddharth Goel	Independent Non- Executive	5	5
3.	Shri Vinod Agarwal	Independent Non- Executive	5	5

Five (5) audit committee meetings were held during the year and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are as follows: 29.05.2015, 04.08.2015, 29.09.2015, 13.11.2015 and 12.02.2016. The necessary quorum was present for all the meetings.

The terms of reference of the Audit Committee are broadly given under:

- The recommendations for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transaction of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters
- Review the functioning of the whistle blower mechanism.
- Approval of transactions with related parties

### 13B. NOMINATION AND REMUNERATION COMMITTEE:

The Nominations and 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 and 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. The said policy is attached as "Annexure-IV" to this report.

The Nomination and Remuneration Committee of the Company as at 31.03.2016 comprises of three directors, all of them being non-executive independent directors:



S. No.	Name of the Director	Category	Attendance
1.	Shri Vinod Agarwal- (Chairman)	Independent Non- Executive	Present
2.	Shri Siddharth Goel	Independent Non- Executive	Present
3.	Shri Ram Prasad Vempati	Independent Non- Executive	Present

During the year under review, one meeting of the Committee was held on 12.02.2016, for assessment and recommendation for the appointment of Chief Financial Officer of the Company. Requisite quorum was present for the meeting.

**13C. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Company has a Stakeholders Relationship Committee to look into the redressal of complaints of investors such as transfer or credit of shares, non-receipt of dividend/notices/ annual reports, etc.

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by its members are given below:

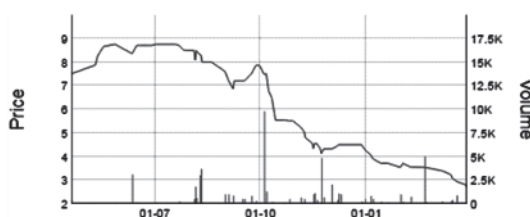
S No.	Name of the Director	Category	Number of meetings uring the FY 2015-16	
			Held	Attended
1.	Shri Vinod Agarwal (Chairman)	Independent Non- Executive	6	6
2.	Shri Siddharth Goel	Independent Non- Executive	6	6
3.	Shri Ram Prasad Vempati	Independent Non- Executive	6	6

The meetings of the stakeholders' relationship committee were held on 11.05.2015, 30.06.2015, 20.07.2015, 20.10.2015, 02.12.2015 and 30.01.2016 during the year, mainly for approval of share transfers.

**14. Code of Conduct:**

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct. The Code is applicable to the members of the Board, the executive officers, the members of the management one level below the executive directors, including all functional heads of the Company. The Code is available on the website of the Company - [www.narbadajewellery.com](http://www.narbadajewellery.com). All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2016

**15. Market performance of the Company during the Financial Year 2015-16**



**16. VIGIL MECHANISM:**

In accordance with Section 179(9) & (10) of the Companies Act, 2013, the Company has adopted vigil mechanism for directors and employees, to report concerns about unethical behavior, actual or suspected fraud, or violation of the Company's code of conduct and ethics. The Vigil Mechanism/ Whistle Blower policy is available on the Company's website <http://www.narbadajewellery.com/investors/downloads>.

**17. AUDITORS:**

**A. Statutory Auditors:**

At the 22nd Annual General Meeting of the Company, M/s Venugopal & Chenoy, Chartered Accountants, Hyderabad, (Firm Regn No. 004671S) were appointed as Statutory Auditors of the Company, to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s Venugopal & Chenoy, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

The Auditors' Report does not contain any qualification/ reservation or adverse remark. Notes to Accounts and Auditor's remarks in their report are self-explanatory and do not call for any further comments.

**B. Secretarial Auditor:**

In terms of Section 204 of the Companies Act, 2013 and rules made thereunder, Mr. Ajay S. Shrivastava, Practicing Company Secretary, Hyderabad (CP No.: 3479) has been appointed Secretarial Auditor of the Company. The report of the Secretarial Auditor is enclosed as "**Annexure-V**" to this report. The report is self-explanatory and does not contain any qualification, reservation or adverse remark.

**C. Internal Auditors:**

The Company has appointed M/s Krishna and Suresh, Chartered Accountant, Hyderabad (Firm Regn No- 001461S) as its Internal Auditor. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas.

**18. RISK MANAGEMENT:**

Risk Management framework of your Company encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the external and operational controls risks to achieve our key business objectives. The Board seeks to minimize the adverse impact of the risks, thus enabling the Company to leverage market opportunities effectively and enhance its long-term competitive advantage.

**19. EXTRACT OF ANNUAL RETURN:**

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in **Form MGT-9** is attached as a part of this Annual Report as "**Annexure -VI**".

**20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

**21. MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes between the date of balance sheet and the date of this report that would affect the financial position of the Company.

**22. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis for the year ended 31st March, 2016 are attached, which form part of this report.

**23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**A. Conservation of Energy**

The disclosure of particulars with respect to conservation of energy pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable as our business is not specified in the Schedule. However, the Company makes its best efforts to conserve energy in a more efficient and effective manner.

CONSERVATION OF ENERGY:

1.	The steps taken or impact on conservation of energy.	NIL
2.	The steps taken by the company for utilizing alternate sources of energy.	NIL
3.	The capital investment on energy conservation equipment's.	NIL

TECHNOLOGY ABSORPTION:

1.	The efforts made towards technology absorption.	Since the Company is not engaged in any technology driven business, the information in connection with technology absorption is NIL.
2.	The benefits derived like product improvement, cost reduction, product development or import substitution.	NIL
3.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- - the details of technology imported - the year of import; - whether the technology been fully absorbed: - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	NIL
4.	The expenditure incurred on Research and Development.	NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars of foreign currency earnings and outgo during the financial year are NIL.

**24. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As the Company's net worth does not exceed Rs. 500 crores or Company's turnover does not exceed Rs. 1000 crores or the Company's net profit does not exceed Rs. 5 crore for any financial year, the provisions of section 135 of the Companies Act, 2013 are not applicable.

**25. DIRECTORS' RESPONSIBILITY STATEMENT:**

Your Directors would like to inform the members that the audited accounts for the year ended 31st March, 2016 are in full conformity with the requirement of the Act and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These financial statements are audited by the Statutory Auditors M/s Venugopal & Chenoy. Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, your Directors further confirm that:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii) 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 end of the financial year and of the profit and Loss of the Company for that period;

## Narbada Gems & Jewellery Limited

- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the Annual Accounts on a going concern basis.
- v) The directors in case of Listed Company have laid down internal financial controls to be followed by the Company and such controls are adequate and are operating effectively.
- vi) The Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

### DISCLOSURES

**26. PARTICULARS OF EMPLOYEES:**

There are no employees drawing remuneration equal or more than the limits specified in Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**27. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:**

There are no subsidiaries or joint ventures to the Company as on the date of this report.

**28. DEPOSITS FROM PUBLIC:**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

**29. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given any loan or guarantee or security or made any investment during the financial year in terms of Section 186 of the Companies Act, 2013.

**30. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 is disclosed in Form AOC-2 as "Annexure -VII" to this report.

**31. ACKNOWLEDGMENT:**

The Directors thank the Company's employees, customers, vendors and investors for their continuous support. The Directors also wish to place on record its appreciation of Banks, Stock Exchange & Other authorities for their able guidance and support.

**Date :** 25.08.2016

**Place :** 3-6-290/18, 1<sup>st</sup> Floor, Sadana Building  
Hyderguda, Hyderabad- 500029

**For and on behalf of the Board**

**Sd/-**  
**(Sanjay Kumar Sanghi)**  
**Managing Director**  
**DIN: 00629693**  
**Address:8-2-686/DR/7,**  
**Road No. 12, Banjara Hills,**  
**Hyderabad - 500034,**

**Sd/-**  
**(Ritesh Kumar Sanghi)**  
**Director**  
**DIN: 00628033**  
**Address:8-2-686/DR/7,**  
**Road No. 12, Banjara Hills,**  
**Hyderabad - 500034,**

### ANNEXURE INDEX

Annexure	Content
I	Terms and Conditions for appointment of Independent Directors
II	Policy for Performance Evaluation of Board
III	Policy for familiarization of Independent Directors
IV	Nomination and Remuneration Policy
V	Secretarial Audit Report
VI	Extract of Annual Return
VII	Particulars of contracts with Related parties

**ANNEXURE-I**

**TERMS AND CONDITIONS FOR APPOINTMENT OF INDEPENDENT DIRECTORS**

**1. APPOINTMENT & TENURE:**

The appointment of Independent Director for initial term is generally for a period of 5 (five) consecutive years unless vacated and/or terminated earlier, as per provisions of the applicable laws. This tenure is subject to meeting the criteria for being an Independent Director and not being disqualified to be a Director under applicable laws on a continuous basis.

Independent Director is not liable to retire by rotation.

The appointment and continuation of office of Independent Director is subject to the applicable provisions of the Companies Act, 2013 (the Act) and the Listing Agreement.

**2. TIME COMMITMENT:**

Independent Director is expected to bring objectivity and independence of view to the Board's deliberations and to help the Board with effective overview of the Company's strategy, performance, social commitments and risk management and ensure high standards of financial integrity and governance. Independent Director are required to perform the duties expected including (without limitation) attending Board/Committee meetings of which a member and shareholders meetings and to devote such time, as appropriate, for you to discharge your responsibilities and duties effectively.

**3. ROLE & DUTIES:**

Role and duties of Independent Director will be as set out under the Act and the Listing Agreement including but not limited to the fiduciary duties associated with the office of an independent director. Independent Director (and without prejudice to the roles, functions and duties specified in Schedule IV of the Act), shall:

- i. act in accordance with the AOA;
- ii. act in good faith in order to promote the objectives of the Company for the benefits of its members as a whole and in the best interest of the Company;
- iii. discharge responsibilities and duties with due and reasonable care, skill and diligence by exercising independent judgment;
- iv. strive to attend every meeting of the Board and its Committee(s) of which a member and general meetings;
- v. strive to attend any other meetings, where attendance is solicited;
- vi. provide strategic direction and also act as a constructive critic in evaluating the proposal and plans on strategic direction;
- vii. evaluate and scrutinize the performance of the management in meeting agreed goals and objectives;
- viii. satisfy on the integrity of financial information and that financial controls and systems of risk management are robust and compliant with applicable laws;
- ix. keep well informed about the Company and the external environment in which it operates;
- x. ensure that the vigil mechanism policy of the Company is implemented and report concerns about any unethical behavior, actual or suspected fraud or violation of the Code of Conduct.

**4. ADHERENCE TO THE CODE OF CONDUCT**

During the tenure, Independent Director of the Company is required to comply and abide with the provisions of the Act and the Listing Agreement including the following:

- i. Code for Independent Directors outlined in Schedule IV of the Act and duties of Directors as provided in the Act including Section 166 of the Act and Clause 49 of the Listing Agreement; and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- ii. Code of Conduct for Board and Senior Management framed under the Listing Agreement;

- iii. Policy for Prevention of Insider Trading framed by the Company under the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("Insider Trading Code").

**5. PROFESSIONAL CONDUCT AND CONFLICT OF INTEREST:**

Independent Director shall not -

- i. participate in or vote at any meetings of the Board/Committees wherein interested ;
- ii. achieve or attempt to achieve any undue gain or advantage either for self or for relatives, partners, or associates.
- iii. allow any extraneous considerations to vitiate exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring with or dissenting from the collective judgment of the Board in its decision making;
- iv. abuse position to the detriment of the Company or its shareholders;
- v. unfairly obstruct the functioning of the Board or Committee meeting(s);
- vi. put in a position which results in a direct or indirect conflict of interest or possible conflict of interest with the Company; and
- vii. assign office of an Independent Director and any assignments so made shall be void.

**6. CONFIDENTIALITY**

- i. All information including commercial secrets, technologies, advertising and sales promotion plans related to the Company that is acquired or provided during the tenure is confidential to the Company and should not be released/disclosed either during the tenure or following termination (by whatever means) to third parties without prior authorization by the Board, unless such release/disclosure is required by law or by the rules of any stock exchange or regulatory body/authority. Accordingly, Independent Director are expected to maintain all agenda, notes, data, records and other documents in any way relating to the Company or the Company's business interest, as highly confidential and maintain them as inaccessible to others;
- ii. Independent Director to adhere to the requirements under the applicable regulations and the Insider Trading Code in relation to the disclosure of unpublished price sensitive information and dealing in the securities of the Company. Consequently, Independent Director should avoid making any statements or performing any transaction that might risk a breach of these requirements without prior clearance from the Board; and
- iii. At all times and notwithstanding ceasing to be an Independent Director of the Company, Independent Director are expected not to use such information for personal or professional benefit or disclose such confidential information to third parties who may use the same for their personal or professional benefit, or otherwise engage in any activity that would constitute insider trading.

**7. DISCLOSURES OF INTEREST:**

- i. It is accepted and acknowledged that Independent Director may have business interests other than those of the Company. As a condition of appointment, Independent Director are required to submit various disclosures/declarations under applicable laws and as per Company's policies including declarations with respect to any directorships, appointments and interests to the Board in writing. Independent Director will not serve in more than seven listed companies including the Company and if to be appointed as a whole time director in any listed company, they will not serve as an Independent Director in more than three listed companies including the Company. Further, in no event Independent Director shall hold directorship in companies beyond the limits specified in Section 165 of the Act;
- ii. During the term of appointment, Independent Director to promptly notify the Company of any change in directorships and provide such disclosure and information as may be required under the applicable laws; and

- iii. Independent Director shall refrain from any action that would lead to loss of independence. In the event that the circumstances of Independent Director seem likely to change which might give rise to conflict of interest or such change in circumstances could lead the Board to revise its judgment regarding independence, such changes or possible changes in circumstances should be disclosed to the Board promptly.

**8. EVALUATION:**

The Company shall carry out an evaluation of the performance of the Independent Directors and Board as a whole and of the Committees and directors of the Board on an annual basis as per the Company's policy. The performance evaluation of independent directors shall be done by the entire Board, excluding the director being evaluated. The appointment/ reappointment on the Board shall be subject to the outcome of the annual evaluation process.

**9. INDEPENDENT DIRECTORS' MEETING**

A separate meeting of the Independent Directors will be held at least once every year without the attendance of the non-independent directors and the members of the management. The Company expects all the Independent Directors to strive to be present at this meeting.

**10. LIABILITY UNDER THE ACT:**

Pursuant to the provisions of the Act, an Independent Director will be liable only in respect of such omission or commission by the Company which had occurred with his/her knowledge, attributable through Board processes and with his/her consent or connivance or where he/she had not acted diligently.

**11. TERMINATION:**

- (i) Independent Director may resign from the position at any time by giving a notice in writing to the Company stating reasons of resignation. The resignation shall take effect from the date on which the notice is received by the Company or the date if any specified in the notice, whichever is later.
- (ii) Independent Director shall cease to hold office if fails to meet the criteria for an Independent Director mentioned in the Act and/or the Listing Agreement and/or if otherwise disqualified and shall forthwith intimate the Company of such an event and promptly submit resignation to the Company with effect from date of such change.
- (iii) The Company can also terminate your directorship in accordance with the procedure set out in Section 169 of the Act. Apart from the grounds of termination as specified in the Act, your directorship may be terminated for violation of any provisions of the appointment letter.

**12. COOPERATION:**

In the event of any claim or litigation against the Company, based upon any alleged conduct, act or omission on the part of Independent Director during the tenure, to the Independent Director shall render all reasonable assistance and cooperation to the Company and provide such information and documents as are necessary and reasonably required by the Company or its counsels.

**13. CHANGES IN PERSONAL DETAILS:**

During term, an Independent Director shall promptly intimate the Company in the prescribed manner, of any change in address or other contact or personal details.

**14. GENERAL:**

The appointment letter and any non-contractual obligations arising out of or in connection with the letter are governed by and shall be construed in accordance with, the laws of India and the parties agree to submit to the exclusive jurisdiction of the courts in India at the place of origin of conflict.

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**BOARD PERFORMANCE EVALUATION POLICY**

The Board of Directors (the "Board") of Narbada Gems and Jewellery Limited (the 'Company') has adopted this Policy as the Board Performance Evaluation (hereinafter referred as "Policy") under the provisions of the Companies Act, 2013 read with Clause 49/ Regulation 17 of the Listing Agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges.

This Policy provides a framework for governance and reporting of the performance evaluation of the Board of Directors of the Company as defined in this policy.

The provisions of this Policy are designed to govern the disclosure requirements to ensure transparency in the conduct of business activities in the best interest of the Company and its shareholders and to comply with the statutory provisions in this regard.

This Policy is intended to provide guidance to the Board of Directors and Senior Management Personnel to manage the affairs of the Company in an ethical manner. The purpose of this Policy is to recognize and provide mechanisms to report the mechanism of the director's performance and to develop a culture of transparency in the system.

Each year the Board of the Company will carry out an evaluation of its own performance. Board performance evaluation is designed to:

- a) review the pre-determined role of the Board collectively and individual Directors in discharge of duties as set out in the Company from time to time;
- b) annually assess how well directors are discharging their responsibilities; collectively by assessing the Board's effectiveness; and individually by assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;
- c) annually assess the performance of directors in discharging their responsibilities.
- d) regularly evaluate the Directors' confidence in the integrity towards the Company, the quality of the discussions at Board meetings, the credibility of the reports and information they receive, the level of interpersonal cohesion between Board members and the degree of Board knowledge; and
- e) enable Board members, individually and collectively, to develop the key skills required to meet foreseeable circumstances with timely preparation, agreed strategies and appropriate development goals.

This is achieved by collectively assessing the Board's effectiveness and by individually assessing the quality of a Director's contribution to general discussions, business proposals and governance responsibilities;

**1. DEFINITIONS & INTERPRETATION**

"**Act**" means the Companies Act, 2013 and rules made there under as amended from time to time.

"**Board**" means the Board of Directors of the Company for the time being in force.

"**Board Evaluation Committee**" means a committee of Directors constituted by the Board for the purpose as enumerated in this policy.

"**Company**" shall mean Narbada Gems and Jewellery Limited.

**2. PROCEDURE FOR BOARD PERFORMANCE EVALUATION**

- a) The Chairperson will meet with the directors either collectively or separately, as he may deem fit, seeking input in relation to



- i) the performance of the Board
  - ii) the performance of each Board Committee;
  - iii) the performance of the Managing Directors;
  - iv) the performance of other Whole Time Directors;
  - v) his own performance
- b) Performance should be assessed quantitatively and qualitatively, as appropriate based on the strategic plans and the role/ position description.
  - c) The Chairperson will collect the input and provide an overview report for discussion by the Board
  - d) The Board as a whole will discuss and analyze the performance collectively of each director individually and its own performance during the year including suggestions for change or improvement, as well as any skills, education or development required over the forthcoming year.

**3. PROCEDURE FOR BOARD PERFORMANCE EVALUATION OF MANAGING DIRECTORS AND KEY EXECUTIVES OF THE COMPANY**

This Board will ensure that the Managing Directors and key executives will execute the Company's strategy through the efficient and effective implementation of the business objectives. In order to accomplish this:

- a) Each year the Board reviews the Company's strategy.
- b) Following such a review the Board sets the organization performance objectives based on qualitative and quantitative measures
- c) These objectives are reviewed periodically to ensure they remain consistent with the Company's priorities and the changing nature of the Company's business.
- d) These objectives form part of the performance targets as assigned to the Managing Directors.
- e) Performance against these objectives is reviewed annually by the Board.
- f) The Managing Directors are responsible for assessing the performance of the key executives and a report is provided to the Board Evaluation Committee for review.

**4. EXTERNAL CONSULTANTS**

The Board or Committee thereof may engage independent external consultants periodically to provide strategic advices and assistance in the evaluation process

**5. DISCLOSURE**

The provisions of this Policy can be amended/ modified by the Board of Directors of the Company from time to time and all such amendments/ modifications shall take effect from the date stated therein.

This policy has been issued under the authority of the Board of Directors of the Company and shall remain in force unless Board resolve otherwise or issue a cancellation or modification thereof.

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**FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

**1. PURPOSE AND OBJECTIVE OF THE PROGRAMMES:.**

To provide insights into the Company to enable the Independent Directors to understand the Company's business in depth that would facilitate their active participation in managing the Company.

**2. FAMILIARIZATION PROCESS:**

- i. The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- ii. Such programmes /presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- iii. The programmes/presentations also familiarizes the Independent Directors with their roles, rights and responsibilities.
- iv. When a new Independent Director comes on the Board of the Company, a meeting arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.
- v. New Independent Directors are provided with copy of latest Annual Report, the Company's Code of Conduct, the Code of Conduct for Prevention of Insider Trading and Schedule of upcoming Board and Committee meetings.
- vi. A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

**3. OTHER INITIATIVES TO UPDATE THE DIRECTORS ON A CONTINUING BASIS:**

- i) At various Board meetings during the year, presentations are made to the Board on safety, health and environment and sustainability issue, risk management, company policies, changes in the regulatory environment applicable to the corporate sector and to the industry in which it operates, and other relevant issue.
- ii) Quarterly presentations, on operations, made to the Board include information on business performance, operations, market share, Financial Litigations, Compliance Status, Compliance Certificate by CFO, Investments, Loans taken or given to other entities
- iii) Quarterly results / press release of the Company are sent to the Directors.

**4. REVIEW OF THE PROGRAM:**

The Board will review this program and make such revisions as may be required or deemed necessary from time to time.

**5. DISCLOSURE OF THE POLICY:**

This Policy shall be uploaded on the Company's website for public information and a web link for the same shall also be provided in the Annual Report of the Company

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**ANNEXURE-IV**

**NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 of the Listing Agreement/ Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

**OBJECTIVE**

The objective of the policy is to ensure that

- i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

**DEFINITION**

"**Act**" means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

"**Board**" means Board of Directors of the Company

"**Company**" shall mean Narbada Gems and Jewellery Limited

"**Directors**" mean Directors of the Company

"**Key Managerial Personnel**" means

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed

"**Senior Management**" mean the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

- i) To formulate criteria for determining qualifications, positive attributes and independence of a Director.
- ii) To formulate criteria for evaluation of Independent Directors and the Board.
- iii) To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- iv) To carry out evaluation of Director's performance.
- v) To recommend to the Board the appointment and removal of Directors and Senior Management.
- vi) To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- vii) To devise a policy on Board diversity, composition, size.
- viii) Succession planning for replacing Key Executives and overseeing.

## **Narbada Gems & Jewellery Limited**

- ix) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable
- x) To perform such other functions as may be necessary or appropriate for the performance of its duties.

### **APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

### **TERM / TENURE**

#### **a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### **b) Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of up to maximum of 5years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### **EVALUATION**

The Committee shall carry out evaluation of performance of Director, KMP and Senior Management Personnel yearly or at such intervals as may be considered necessary in accordance with the Evaluation policy adopted.

### **REMOVAL**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **RETIREMENT**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the

Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL**

**1) Remuneration to Managing Director / Whole-time Directors:**

- a) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and the approvals obtained from the Members of the Company.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

**2) Remuneration to Non- Executive / Independent Directors:**

- a) The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of the Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.
- b) An Independent Director shall not be eligible to get Stock Options and also shall not be eligible to participate in any share based payment schemes of the Company.

**3) Remuneration to Key Managerial Personnel and Senior Management:**

- a) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.
- b) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.
- c) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

**REVIEW AND AMENDMENT**

- a) The NRC or the Board may review the Policy as and when it deems necessary.
- b) The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.
- c) The Committee may Delegate any of its powers to one or more of its members.
- d) This Policy may be amended or substituted by the NRC or by the Board as and when required where there are any statutory changes necessitating the change in the policy.

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**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2016**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
**NARBADA GEMS AND JEWELLERY LIMITED**  
3-6-290/18, 1ST FLOOR,  
SADHNA BUILDING, HYDERGUDA,  
HYDERABAD- TELANGANA- 500029.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s NARBADA GEMS AND JEWELLERY LIMITED (CIN-L01222TG1992PLC014173)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the NARBADA GEMS AND JEWELLERY LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **-Not Applicable to the Company during the Audit Period**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable to the Company during the Audit Period**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable to the Company during the Audit Period**

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable to the Company during the Audit Period** and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable to the Company during the Audit Period,**
- (i) The Securities & Exchange Board of India ( Listing Obligations & Disclosure Requirement) Regulations, 2015 ( After December 2015).
- (j) The Indian Gold (Control) Act, 1962 having being repealed, there are no industry specific Laws that are applicable to the Company, during the period of Audit.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India as applicable.
- (ii) The Listing Agreement entered into by the Company with BSE Limited till November, 2015 and thereafter the same under SEBI- LODR-2015.

During the Audit period under review and as per the clarification, representations provided by the Management in writing & oral in the Secretarial Audit checklist prepared by me, I confirm that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreement, SEBI notifications etc. mentioned above.

I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

**I further report that**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** *during the audit period, the Board of Directors and the shareholders have, in their meeting pursuant to section 100 of the Companies Act, 1956, approved the Scheme of Reduction of Paid up Capital against the accumulated losses of the Company, and a Petition has been filed with the Hon'ble High Court of Telangana & Andhra Pradesh, pending final hearing, as on the date of this report.*

**Place:** Hyderabad

**Date:** 23.08.2016

Sd/-

**AJAY. S SHRIVASTAVA**

Company Secretary in practice:

FCS No. 3489

C P No.: 3479

**'ANNEXURE -1'**

To,  
The Members  
**NARBADA GEMS AND JEWELLERY LIMITED**  
3-6-290/18, 1ST FLOOR,  
SADHNA BUILDING, HYDERGUDA,  
HYDERABAD- TELANGANA- 500029.

This report is to be read with our letter of even date which is annexed as 'Annexure -1' and forms an integral part of this report.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Place:** Hyderabad

**Date:** 23.08.2016

**Sd/-**  
**AJAY. S SHRIVASTAVA**  
Company Secretary in practice:  
FCS No. 3489  
C P No.: 3479

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## ANNEXURE-VI

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2016**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS**

1.	CIN	L01222TG1992PLC014173
2.	Registration Date	05.05.1992
3.	Name of the Company	Narbada Gems and Jewellery Limited
4.	Category/Sub-category of the Company	Company Limited by shares
5.	Address of the Registered office & contact details	3-6-290/18, 1st Floor, Sadana building, Hyderguda, Hyderabad- 500029 Ph : 040-66668211
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	CIL Securities Limited, 208, Raghav Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500001

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Jewellery and articles thereof	99611541	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL****IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Shareholding**

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
(1) Indian									
a) Individual / HUF	2597555	-	2597555	48.17	2597555	0	2597555	48.17	-
b) Central Government	-	-	-	-	-	-	-	-	-

## Narbada Gems & Jewellery Limited

c)	State Government	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	1000	-	1000	0.02	1000	-	1000	0.02	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(1)</b>	2598555	-	2598555	48.19	2598555	-	2598555	48.19	-
(2)	Foreign	-	-	-	-	-	-	-	-	-
a)	NRI's - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A)(2)</b>	0	0	0	0.000	0	0	0	0.000	0.000
	<b>Total Shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	2598555	-	2598555	48.19	2598555	-	2598555	48.19	-
<b>B.</b>	<b>PUBLIC SHARE HOLDING</b>									
(1)	<b>Institutions</b>									
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Governments	-	-	-	-	-	-	-	-	-
d)	State Governments	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	238	-	238	0.00	-	-	-	-	(0.00)
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Narbada Gems & Jewellery Limited

i)	Others (Specify)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B) (1)</b>	238	-	238	0.00	-	-	-	-	(0.00)
<b>(2)</b>	<b>Non -Institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
i)	Indian	52484	55100	107584	2.00	47466	55100	102566	1.90	(0.1)
ii)	Overseas	-	-	-	-	-	-	-	-	-
<b>b)</b>	<b>Individuals</b>									
i)	Individual shareholders holding nominal share capital upto Rs 1 lakh	639173	1762840	2402013	44.55	658525	1750640	2409165	44.68	0.13
ii)	Individual shareholders holding nominal share capital in excess of Rs11	187180	77700	264880	4.91	183284	77700	260984	4.84	(0.07)
<b>c)</b>	<b>Others Specify</b>									
1.	NRI	1630	15900	17530	0.33	2930	15900	18830	0.35	0.02
2.	Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
3.	Foreign Nationals	-	-	-	-	-	-	-	-	-
4.	Clearing Members	1400	-	1400	0.02	2100	-	2100	0.04	0.02
5.	Trusts	-	-	-	-	-	-	-	-	-
6.	Foreign Bodies - D.R.	-	-	-	-	-	-	-	-	-
	<b>Sub-total (B) (2)</b>	881867	1911540	2793407	51.81	894305	1899340	2793645	51.81	-
	<b>Total Public Share holding (B) = (B) (1)+(B)(2)</b>	<b>882105</b>	<b>1911540</b>	<b>2793645</b>	<b>51.81</b>	<b>894305</b>	<b>1899340</b>	<b>2793645</b>	<b>51.81</b>	<b>-</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A+B+C)</b>	<b>3480660</b>	<b>1911540</b>	<b>5392200</b>	<b>100</b>	<b>3492860</b>	<b>1899340</b>	<b>5392200</b>	<b>100</b>	<b>-</b>

## Narbada Gems & Jewellery Limited

### ii) Shareholding of Promoters

SI No.	Share holder's Name	Share holding at the beginning of the year			Shareholding at the end of the year			% of Change in share holding during the year
		No. of Shares	% of change in share holding during the year	% of total Shares of the comp- any	No. of Shares	% of Shares of the Comp- any	% of Shares Pledged /encum- bered to toal Shares	
1.	Ritesh Kumar Sanghi	1284180	23.82	-	1284180	23.82	-	-
2.	Sanjay Kuymar Sanghi	1285880	23.85	-	1285880	23.85	-	-
3.	Tejas Sanghi	27157	0.50	-	27157	0.50	-	-
4.	Uday Sanghi	338	0.01	-	338	0.01	-	-
5.	Sanghi Jewellers Pvt. Ltd.	1000	0.02	-	1000	0.02	-	-
	<b>T O T A L</b>	<b>25,98,555</b>	<b>48.19</b>	<b>-</b>	<b>25,98,555</b>	<b>48.19</b>	<b>-</b>	<b>-</b>

### iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total shares of the company
1	RITESH KUMAR SANGHI				
	a) At the Beginning of the Year	1284180	23.82		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			1284180	23.82
2	SANJAY KUMAR SANGHI				
	a) At the Beginning of the Year	1285880	23.85		
	b) Changes during the year	[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year			1285880	23.85

Narbada Gems & Jewellery Limited

3	TEJAS SANGHI					
	a) At the Beginning of the Year		27157	0.50		
	b) Changes during the year					
	<b>Date</b>	<b>Reason</b>				
	30.10.2015	Transfer	100	0.00		
	06.11.2015	Transfer	10	0.00		
	13.11.2015	Transfer	953	0.02		
	11.12.2015	Transfer	(1063)	(0.02)		
	c) At the End of the Year				<b>27157</b>	<b>0.50</b>
4	UDAY SANGHI					
	a) At the Beginning of the Year		338	0.01		
	b) Changes during the year [NO CHANGES DURING THE YEAR]					
	c) At the End of the Year				<b>338</b>	<b>0.01</b>
5	SANGHI JEWELLERS PVT. LTD.					
	a) At the Beginning of the Year		1000	0.02		
	b) Changes during the year [NO CHANGES DURING THE YEAR]					
	c) At the End of the Year				<b>1000</b>	<b>0.02</b>
	<b>TOTAL</b>		<b>25,98,555</b>	<b>48.19</b>	<b>25,98,555</b>	<b>48.19</b>

**Narbada Gems & Jewellery Limited**
**iv) Change in Promoters' Shareholding (please specify, if there is no change)**

SI No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total shares of the company
1	SANKA PADMAJA					
	a) At the beginning of the Year		17557	0.33		
	b) Changes during the year					
	Date	Reason				
	19.06.2015	Transfer	50	0.00		
	10.07.2015	Transfer	16507	0.30		
	c) At the End of the Year				<b>34114</b>	<b>0.63</b>
2	SANJAY PASARI					
	a) At the beginning of the Year		32020	0.59		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>32020</b>	<b>0.59</b>
3	RAHAS INVESTMENTS PVT. LTD.					
	a) At the beginning of the Year		28100	0.52		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>28100</b>	<b>0.52</b>
4	BHASKARA RAO SANKA					
	a) At the beginning of the Year		15882	0.29		
	b) Changes during the year					
	Date	Reason				
	25.12.2015	Transfer	11472	0.21		
	c) At the End of the Year				<b>27354</b>	<b>0.50</b>
5	PRAKASH AIR FREIGHT PVT. LTD.					
	a) At the beginning of the Year		27300	0.51		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>27300</b>	<b>0.51</b>
6	SUBHASH C MARWADI					
	a) At the beginning of the Year		18800	0.35		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>18800</b>	<b>0.35</b>
7	ATEET BHARGAVA KUMAR					
	a) At the beginning of the Year		17500	0.32		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>17500</b>	<b>0.32</b>

8	LAKSHMI SRUJANA PAMIDIMARRI					
	a) At the beginning of the Year		17250	0.32		
	b) Changes during the year					
	Date	Reason				
	20.11.2015	Transfer	-17250	-0.32		
	c) At the End of the Year				<b>0</b>	<b>0.00</b>
9	PAMIDIMARRI KAMALA KUMARI					
	a) At the beginning of the Year		0	0.00		
	b) Changes during the year					
	Date	Reason				
	20.11.2015	Transfer	17250	0.32		
	c) At the End of the Year				<b>17250</b>	<b>0.32</b>
10	MAHENDRA KUMAR JAIN					
	a) At the beginning of the Year		16919	0.31		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>16919</b>	<b>0.31</b>
11	SANKA LEELA KUMARI					
	a) At the beginning of the Year		16362	0.30		
	b) Changes during the year					
	Date	Reason				
	15.05.2015	Transfer	25	0.00		
	22.05.2015	Transfer	25	0.00		
	03.07.2015	Transfer	-1	0.00		
	10.07.2015	Transfer	-16411	-0.30		
	c) At the End of the Year				<b>0</b>	<b>0.00</b>
12	PAMIDIMARRI CHANDRA SEKHAR					
	a) At the beginning of the Year		15563	0.29		
	b) Changes during the year					
	Date	Reason				
	31.03.2016	Transfer	-9600	-0.18		
	c) At the End of the Year				<b>5963</b>	<b>0.11</b>
13	PAMIDIMARRI VENKATA RAJESWARA RAO					
	a) At the beginning of the Year		15127	0.28		
	b) Changes during the year		[NO CHANGES DURING THE YEAR]			
	c) At the End of the Year				<b>15127</b>	<b>0.28</b>

## Narbada Gems & Jewellery Limited

### v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Director's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged /encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Ritesh Kumar Sanghi	1284180	23.82	0	1284180	23.82	0	0
2	Sanjay Kumar Sanghi	1285880	23.85	0	1285880	23.85	0	0
	<b>TOTAL</b>	<b>2570060</b>	<b>47.67</b>	<b>0</b>	<b>2570060</b>	<b>47.67</b>	<b>0</b>	<b>0</b>

### v) INDEBTEDNESS

#### Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i +ii+iii)	-	-	-	-



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Rs. in lakhs

SN.	Particulars of Remuneration	Name of MD/WTD/ CS				Total Amount
		Ritesh Kumar Sanghi- ED	Sanjay Kumar Sanghi-MD	Bandana Sangai-CS	Bajranglal Agarwal - CFO (w.e.f. 12.02.2016)	
1	Gross salary	-	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	1.40	0.79	2.19
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission-as % of profit - others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-
	Ceiling as per the Act	-	-	-	-	-

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended 31st March, 2016.

\*\*\*\*\*

**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto:

1. **Details of contracts or arrangements or transactions not at Arm's length basis:** Narbada Gems and Jewellery Limited (NGJL) have not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2015-16.
2. **Details of material contracts or arrangement or transactions at arm's length basis:**

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Sanghi Jewellers Private Limited
b)	Nature of contracts/arrangements/ transaction	Purchase of Gold Ornaments and Jobwork Services for making the same.
c)	Duration of the contracts/arrangements/ transaction	Approval of members taken at 23rd Annual General Meeting of the Company for transactions between 01.10.2015 to 30.09.2016.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	--
e)	Date of approval by the Board	Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.
f)	Amount paid as advances, if any	--

\*\*\*\*\*

## **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 AND DEVELOPMENTS**

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-8 percent of the country's GDP. Being one of the fastest growing sectors, it is extremely export oriented and labour intensive although machines are finding their way into the manufacturing process. According to a report by Research and Markets, the jewellery market in India is expected to grow at a Compound Annual Growth Rate (CAGR) of 15.95 per cent over the period 2014-2019.

The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market. The Government of India has viewed the sector as a thrust area for export promotion based on its potential for growth and value addition and thereby, allows 100 percent Foreign Direct Investment in the sector through the Automatic route.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 95 per cent of the world's diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). The industry has generated US\$ 38.6 billion of revenue from exports in 2015-16, making it the second largest exporter after petrochemicals.

The gems and jewellery sector has expressed disappointment over the government's proposal to impose 1% excise duty in Budget 2016. According to GJEPC, the levy of excise duty on jewellery is not conducive for the industry. However, barring the levy of excise duty, the budget 2016 has positive prospects for the industry.

### **OPPORTUNITIES:**

With a market size of almost INR 5,90,000 Crores, the sector has a sizeable share of the GDP, apart from large-scale employment generation and foreign exchange earnings. As the Indian Gems and Jewellery sector has been contributing in a big way to the country's foreign exchange earnings (FEEs), the Government of India has viewed the sector as a thrust area for export promotion. Henceforth, the industry expects the following opportunities and future growth drivers:

#### **Increase in purchase of Jewellery online:**

Increasing internet penetration and acceptance of online transactions has given a boost to online retailing in the jewellery space. While this is a nascent sales channel at present, the opportunity is immense. Established domestic players are increasingly adding online sales channels while standalone multi-brand online commerce retailers are also making their presence felt in the marketplace.

With this expected growth, there would be a greater need for staff with IT skills in areas such as platform development, online merchandising, customer service and order fulfillment. Further, the logistics of deliveries would require additional manpower.

#### **Hallmarking:**

Quality and hallmarking of products is increasingly embedded in the mindset of consumers, providing organized players an opportunity to leverage the same USP to attract potential consumers and garner a higher market share. Further, despite the high demand of jewellery products in the country, the low per capita consumption is still low compared to countries such as US, Japan, and Italy.

#### **Increased Mechanization:**

With increased adoption of mechanization, the industry can target greater quality and quantity of products especially with revival of the export markets.

## Narbada Gems & Jewellery Limited

### **Changing occasions of use:**

Traditionally, jewellery was not a daily-wear item. It was worn on special occasions. However, recent times have seen, an increasing propensity to wear jewellery on a daily basis. This has led to a shift in consumer tastes from heavy and chunky designs to lightweight and contemporary ones. Designers and product development personnel who can identify such shifts and potential, new lines of scope will be key assets for players.

### **OUTLOOK**

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and the industry initiative to experiment with designs is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

### **RISKS AND CONCERNS:**

With the phenomenal increase in the growth opportunities and scales of business operated, the challenges have also increased manifold, as detailed hereunder:

#### **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.

#### **Threat from China:**

Currently, China is the second-largest diamond processing centre in the world after India. However, it is slowly catching up and is threatening to displace the Indian gems and jewellery sector from its dominant position in the world.

#### **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 is also increasing. The gems and jewellery sector is experiencing competition from these luxury goods, which is eating into the market share of the sector.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an internal control and adequacy system, commensurate with the size and scale of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. The Audit Committee periodically reviews the audit observations and follows it up with suitable measures to ensure adherence to best practices in the reporting and recording of the transactions.

## **FINANCIAL CONDITION**

### **Share Capital**

During the year under review, the Company has not allotted any fresh Capital out of unissued capital.

### **Secured Loans**

The Company has not borrowed any secured loan as at 31.03.2016

### **Fixed Assets**

Fixed Assets (Net Block) is Rs. 8.06 Lakhs during the year 2015-16. Company is contemplating addition of few new machines in the coming period.

## **HUMAN RESOURCES**

The Company recognizes that its employees are integral to its success. Sound human resource practices have been followed which is aligned with Company's philosophy. It believes that they are the vital asset responsible for continued success of the Company. Your Company wishes to put on record its deep appreciation for the co-operation and efforts of its employees for the betterment of the organization.

## **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.

**INDEPENDENT AUDITOR'S REPORT**

**To**

**The Members,**

**Narbada Gems & Jewellery Limited,**

**Hyderabad.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Narbada Gems & Jewellery Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A to this report, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion, and to the best of our information and according to the explanations given to us:
    - i. There are no pending litigations for the company that will impact the financial position of the company;
    - ii. There are no foreseeable losses on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For VENUGOPAL & CHENYOY,  
Chartered Accountants,  
(FRN: 004671S)**

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

**Membership No.021961**

**Place : Hyderabad  
Date : 30.05.2016**

**Annexure A to the Independent Auditors' Report**

The Annexure A referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such physical verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b) The procedures of physical verification of inventories 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.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, clauses 3 (iii) (a) and 3 (iii) (b) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) Company has not accepted any deposits from public.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products of the Company.
- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at March 31, 2016, for a period of more than six months from the date they became payable.
- b) As at March 31, 2016, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess.



- viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not provided any managerial remuneration. Accordingly, paragraph 3(xi) of the order is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For VENUGOPAL & CHENOY,  
Chartered Accountants,  
(FRN: 004671S)**

**Sd/-**

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

**Membership No.021961**

**Place : Hyderabad  
Date : 30.05.2016**

**Annexure - B to the Auditors' Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Narbada Gems and Jewellery Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

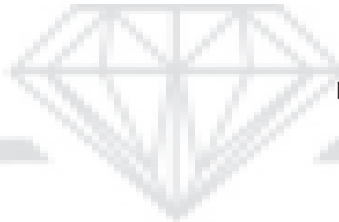
and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



**For VENUGOPAL & CHENOY,  
Chartered Accountants,  
(FRN: 004671S)**

**Sd/-**

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

**Membership No.021961**

**Place : Hyderabad**

**Date : 30.05.2016**

**Narbada Gems & Jewellery Limited**
**BALANCE SHEET AS AT MARCH 31, 2016**
**(Rs. in lakhs)**

Particulars	Note No.	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
		Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY &amp; LIABILITIES</b>					
(1) <b>Shareholder's Funds:</b>					
(a) Share Capital	1	541.90		541.90	
(b) Reserves & Surplus	2	(198.20)		(249.30)	
			343.70		292.60
(2) <b>Non-Current Liabilities</b>					
(a) Deferred Tax Liabilities (Net)	3	0.07		0.10	
			0.07		0.10
(3) <b>Current Liabilities:</b>					
(a) Trade Payables	4	153.87		129.85	
(b) Other Current Liabilities	5	6.37		3.85	
(c) Short Term Provisions	6	6.34		1.20	
			166.58		134.89
<b>Total:</b>			<b>510.35</b>		<b>427.59</b>
<b>II. ASSETS</b>					
(1) <b>Non-Current Assets:</b>					
(a) Fixed Assets					
(i) Tangible Assets	7	8.06		9.73	
(b) Long-Term Loans and Advances	8	3.57		3.86	
			11.63		13.59
(2) <b>Current Assets:</b>					
(a) Inventories	9	128.61		204.13	
(b) Trade Receivables	10	363.53		189.18	
(c) Cash and Cash Equivalents	11	6.58		20.68	
			498.72		413.99
<b>Total:</b>			<b>510.35</b>		<b>427.59</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	16				

Our Report attached,  
For VENUGOPAL & CHENOY,  
Chartered Accountants,  
FRN- 004671S

For Narbada Gems and Jewellery Ltd.,

Sd/-  
(CA P.V.SRI HARI )  
Partner  
Membership No.021961

Sd/-  
Sanjay Kumar Sanghi  
Managing Director  
DIN: 00629693

Sd/-  
Ritesh Kumar Sanghi  
Director  
DIN: 00628033

Hyderabad  
Date: 30.05.2016

Sd/-  
Bajranglal Agarwal  
Chief Financial Officer

Sd/-  
Bandana Sangai  
Company Secretary  
Membership No:33224

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016** (Rs. in lakhs)

Particulars	Note No.	Figures for the year ended March 31, 2016		Figures for the year ended March 31, 2015	
		Rs.	Rs.	Rs.	Rs.
I. Revenue from Operations	12		1312.28		1640.67
II. Other Income			0.00		0.00
III. Total Revenue(I + II)			1312.28		1640.67
IV. Expenses:					
Purchases		1076.44		1629.23	
Changes in Inventories of Stock - in - trade	13	75.52		-106.05	
Employee Benefit Expenses	14	7.24		4.27	
Depreciation		1.67		1.49	
Other Expenses	15	85.00		59.64	
			1245.87		1588.58
V. Profit before Tax(III - IV)			66.41		52.09
VI. Tax Expense:					
Current Tax		15.34		10.20	
Deferred Tax		(0.03)		0.12	
			15.31		10.32
VII. Profit for the year			51.10		41.77
VIII. Earnings Per Equity Share Basic & Diluted			0.95		0.77
<b>Significant Accounting Policies and Notes to Accounts</b>	16				

Our Report attached,  
For VENUGOPAL & CHENOY,  
Chartered Accountants,  
FRN- 004671S

For Narbada Gems and Jewellery Ltd.,

Sd/-  
Sanjay Kumar Sanghi  
(CA P.V.SRI HARI )  
Partner  
Membership No.021961

Sd/-  
Sanjay Kumar Sanghi  
Managing Director  
DIN: 00629693

Sd/-  
Ritesh Kumar Sanghi  
Director  
DIN: 00628033

Hyderabad  
Date: 30.05.2016

Sd/-  
Bajranglal Agarwal  
Chief Financial Officer

Sd/-  
Bandana Sangai  
Company Secretary  
Membership No:33224

## Narbada Gems & Jewellery Limited

### NOTE - 1 : SHARE CAPITAL

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
<b>Authorised:</b>				
65,00,000 Equity Shares of Rs.10/- each		650.00		650.00
		<b>650.00</b>		<b>650.00</b>
<b>Issued, Subscribed &amp; Paid up:</b>				
a) 53,92,200 Equity Shares of Rs.10/- each, fully paid up		539.22		539.22
b) Shares Forfeited Account		2.68		2.68
		<b>541.90</b>		<b>541.90</b>

#### 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 2015-16		Financial Year 2014-15	
	% of Shareholding	No. of Shares	% of Shareholding	No. of Shares
1. Sanjay Kumar Sanghi	23.85%	1,285,880	23.85%	1,285,880
2. Ritesh Kumar Sanghi	23.82%	1,284,180	23.82%	1,284,180

- 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 ensuing 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

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
<b>Profit &amp; Loss Account:</b>				
Opening Balance	(249.30)		(291.07)	
Less: Profit for the year	51.10	(198.20)	41.77	(249.30)
		<b>(198.20)</b>		<b>(249.30)</b>

### NOTE - 3 - DEFERRED TAX LIABILITY

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
<b>Profit &amp; Loss Account:</b>				
Opening Balance		0.10		0.10
Less: Profit for the year		0.03		
		<b>0.07</b>		<b>0.10</b>

**NOTE - 4 : TRADE PAYABLES****(Rs. in lakhs)**

Particulars	Figures for the year ended March 31, 2016		Figures for the year ended March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Outstanding dues of Micro and Small Enterprises				
Other than Micro and Small Enterprises		153.87		129.85
		153.87		129.85
<b>Disclosure relating to Micro and Small Enterprises:</b>				
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****(Rs. in lakhs)**

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Other Payables		6.37		3.85
		6.37		3.85

**NOTE - 6 - SHORT TERM PROVISIONS****(Rs. in lakhs)**

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Provision for Income Tax		6.34		1.20
		6.34		1.20

**NOTE -7 : FIXED ASSETS**

Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 1, 2015	Additions during the Year	Sales/ Adjustments during the Year	As at 31.03.2016	For the Year	Sales/ Adjustments during the Year	As at 31.03.2016	As at 31.03.2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Computer	0.71	0.00	0.00	0.71	0.20	0.00	0.31	0.60
Office equipment	0.62	0.00	0.00	0.62	0.12	0.00	0.18	0.56
Furniture & Fixtures	0.38	0.00	0.00	0.38	0.04	0.00	0.04	0.37
Vehicles	11.57	0.00	0.00	11.57	1.31	0.00	4.68	8.20
<b>TOTAL</b>	<b>13.28</b>	<b>0.00</b>	<b>0.00</b>	<b>13.28</b>	<b>1.67</b>	<b>0.00</b>	<b>5.21</b>	<b>9.73</b>
(Previous year)	11.57	1.71	0.00	13.28	1.49	0.00	3.54	9.51



**NOTE - 8 - LONG TERM LOANS & ADVANCES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Deposits-Others		2.62		2.62
Other Advances		0.05		0.00
VAT Receivable		0.89		1.24
		<b>3.57</b>		<b>3.86</b>
Secured, Considered good		-		-
Unsecured, Considered good		3.57		3.86
Doubtful		-		-

**NOTE - 9 - INVENTORIES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Stock-in-Trade (Gold Ornaments)	128.61		204.13	
		<b>128.61</b>		<b>204.13</b>
Inventories are valued at Cost				

**NOTE - 10 - TRADE RECEIVABLES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Outstanding for a period exceeding six months		-		-
Others		363.53		189.18
		<b>363.53</b>		<b>189.18</b>
<b>Notes:</b> <u>Particulars of Trade Receivables:</u>				
Secured, Considered good		-		-
Unsecured, Considered good		363.53		189.18
Doubtful		-		-

**NOTE - 11 - CASH AND CASH EQUIVALENTS**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
<b>Cash &amp; Cash Equivalents:</b>				
<u>Balances with Banks:</u>				
- In Current Accounts		5.44		18.71
Cash on hand		1.14		1.97
		<b>6.58</b>		<b>20.68</b>

**Narbada Gems & Jewellery Limited**
**NOTE - 12 : REVENUE FROM OPERATIONS**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Sale of Products		1312.28		1640.67
<b>Total:</b>		<b>1312.28</b>		<b>1640.67</b>

**NOTE - 13 : CHANGES IN INVENTORIES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
<b>Stock-In-Trade</b>				
Balance as at beginning of the year	204.13		98.08	
Less: Balance as at the close of the year	128.61		204.13	
		75.52		(106.05)
<b>Total:</b>		<b>75.52</b>		<b>(106.05)</b>

**NOTE - 14 : EMPLOYEE BENEFIT EXPENSES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Salaries & Wages		7.24		4.27
<b>Total:</b>		<b>7.24</b>		<b>4.27</b>

**NOTE - 15 : OTHER EXPENSES**

(Rs. in lakhs)

Particulars	Figures at the end of March 31, 2016		Figures at the end of March 31, 2015	
	Rs.	Rs.	Rs.	Rs.
Advertisement & Publicity		0.86		0.94
<u>Payments to Auditors:</u>				
As Auditors	0.50		0.50	
As Tax Auditors	0.15		0.15	
		0.65		0.65
Bank Charges & Commission		0.04		0.03
Commission & Incentive		3.20		5.00
Insurance		0.22		0.16
Interest		0.00		0.05
Jobwork Charges		65.29		38.04
Legal & Professional Fees		7.01		7.17
Miscellaneous Expenses		0.37		0.41
Membership Fees		0.17		0.17
Power & Fuel		0.18		0.64
Postage, Telephone & Telex		0.59		0.67
Printing & Stationery		0.66		0.53
Rates & Taxes		0.81		0.27
Rent		3.67		3.67
Repairs & Maintenance		0.24		0.11
Service Tax paid		1.05		1.12
<b>Total:</b>		<b>85.00</b>		<b>59.64</b>

**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, 2013.

**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 Straight Line Method so as to be amortised over the useful lives prescribed in Schedule-II to the Companies Act, 2013.

**5. Sales:**

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

**6. Inventories:**

Inventories are valued at lower of cost or net realisable value

**7. Account for claims:**

Claims receivable are accounted on acceptance/receipt.

**8. 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 has not ascertained, from out of the amounts payable, "dues" to Small Scale undertakings.

2. The Company is in the business of trading Jewellery. It has no separate segments. Hence, Segment reporting as per AS-17 is not applicable.

3. Related party disclosure in accordance with the Accounting Standard 18 is as follows:

A. Name of related parties and related party relationships:

Associate Concerns: Sanghi Jewellers Pvt. Ltd.

B. Transactions with related party during the year along with balances at year end:

## Narbada Gems & Jewellery Limited

Nature of Transactions	March 31, 2016	March 31,2015
(a) Transactions during the year		
<b>Purchases:</b>		
Sanghi Jewellers Pvt. Ltd	3,86,46,930/-	9,69,29,173/-
<b>Jobwork Expenses:</b>		
Sanghi Jewellers Pvt. Ltd	65,29,472/-	38,04,059/-
<b>Rent Expenses:</b>		
Sanghi Jewellers Pvt. Ltd	3,67,200/-	3,67,200/-
(b) Balance outstanding as at the year end		
<b>Trade Payables:</b>		
Sanghi Jewellers Pvt Ltd	1,49,58,061/-	1,00,55,777/-
<b>Rent Payable:</b>		
Sanghi Jewellers Pvt. Ltd	30,600/-	30,600/-

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

For and on behalf of the Board,

Sd/-  
Sanjay Kumar Sanghi  
Managing Director  
DIN: 00629693

Sd/-  
Ritesh Kumar Sanghi  
Director  
DIN: 00628033

Place : Hyderabad  
Date : 30.05.2016

Sd/-  
Bajranglal Agarwal  
Chief Financial Officer

Sd/-  
Bandana Sangai  
Company Secretary  
Membership No. 33224

## CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2016

(Rs. in lakhs)

	2015-16 Rs. (in lakhs)	2014-15 Rs. (in lakhs)	
A) Cash Flow from Operation Activities :			
Net Profit before taxation and extraordinary items	66.41	52.09	
Adjustments for			
Depreciation & Exp. Written off	1.67	1.48	
Foreign Exchange	-	-	
Loss on sale of Fixed Asset	-	-	
Finance Charges	-	-	
Excess provision written back	-	-	
Operating Profit before working Capital changes	68.08	53.57	
Adjustments for			
Trade and Other Receivables	75.52	(94.29)	
Inventories	(174.35)	(106.05)	
Loans & Advances	0.30	0.19	
Trade Payables & Other liabilities	31.70	120.14	
Provision for Income Tax	(15.31)	(10.32)	
Cash Used for Operations	(82.15)	(90.33)	
Interest Paid	-	-	
Cash flow before extraordinary items	(14.07)	(36.76)	
Extraordinary item	-	-	
Net Cash Used for operating activities		(14.07)	(36.76)
B) Cash Flows from Investing Activities			
Purchase of Fixed Assets	0.00	(1.70)	
Deferred Revenue Expenditure	(0.03)	0.13	
Sale of Fixed Assets	-	-	
Acquisition of companies	-	-	
Purchase of Investments	-	-	
Sale of Investments	-	-	
Interest Received	-	-	
Dividend received	-	-	
Net Cash used in Investing Activities		(0.03)	(1.57)

## Narbada Gems & Jewellery Limited

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		0.00
Net Increase in cash and cash equivalents		(14.10)		(38.33)
Cash and Cash equivalents as at 31.03.2015 (Opening Balance)		20.68		59.01
Cash and Cash equivalents as at 31.03.2016 (Closing Balance)		6.58		20.68

For Narbada Gems and Jewellery Ltd.,

Sd/-  
**Sanjay Kumar Sanghi**  
 Managing Director  
 DIN: 00629693

Sd/-  
**Ritesh Kumar Sanghi**  
 Director  
 DIN: 00628033

Place : Hyderabad  
 Date : 30.05.2016

Sd/-  
**Bajranglal Agarwal**  
 Chief Financial Officer

Sd/-  
**Bandana Sangai**  
 Company Secretary  
 Membership No. 33224

### AUDITOR'S CERTIFICATE

We have verified the enclosed Cash flow statement for the year ended 31st March 2016 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  
 (FRN- 004671S)

Place: Hyderabad  
 Date: 30.05.2016

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	31-03-2016	

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

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

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

Total Liabilities	510.35	Total Assets	510.35
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**SOURCES OF FUNDS**

Paid-up Capital	541.90	Reserves & Surplus	(198.20)
Secured Loans	Nil	Unsecured Loans	Nil

**APPLICATION OF FUNDS**

Net Fixed Assets	08.06	Investments	Nil
Net Current Assets	498.72	Misc. Expenditure	Nil

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

Turnover	1312.28	Total Expenditure	1245.87
Profit/ (Loss) before tax	66.41	Profit/ (Loss) after tax	51.10
Earning Per Share (Rs.)	0.95	Dividend Rate %	Nil

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

Product description: Gems & Jewellery

**ROUTE MAP FOR THE AGM - 28.09.2016**







CIN: L01222TG1992PLC014173

Registered Office : 3-6-290/18, Sadana Building, Hyderguda, Hyderabad – 500 029.

Website www.narbadajewellery.com • Tel: (040) 66668211 • Fax : (040) 23223124

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM

I hereby record my presence at the Annual General Meeting of the Company held on Wednesday, 28th September, 2016 at 11:30 A.M. at Rajasthani Graduates Association, "Snatak Bhavan", 1st Floor, Abids, Hyderabad-500001.

Full name of the member (In BLOCK LETTERS) .....

Folio No. ....DP ID No. .... Client ID No.....

Full name of Proxy (In BLOCK LETTERS): .....

Member/ Proxy(s) Signature: .....

**\*\*tear here\*\***

FORM NO. MGT-11

**PROXY FORM**

[Pursuant To Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN: L01222TG1992PLC014173**

**Name of the Company:** Narbada Gems and Jewellery Limited

**Registered Office:** 3-6-290/18, Sadana Building, Hyderguda, Hyderabad - 500029

**Name of the Member(s):**  
**Registered Address:**  
**E-mail ID:**  
**Folio No/ Client ID:**  
**DP ID:**

I / We, being the member(s) of and hold/holds..... shares of the above named Company, hereby appoint

1. Name: ..... Address: .....

E-mail ID: ..... Signature: ..... Or failing

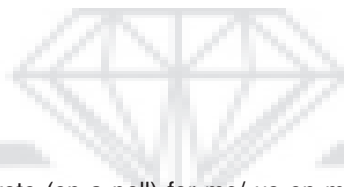
2. Name: ..... Address: .....

E-mail ID: ..... Signature: ..... Or failing

3. Name: ..... Address: .....

E-mail ID: ..... Signature: ..... Or failing

## Narbada Gems & Jewellery Limited



As my our proxy to attend and vote (on a poll) for me/ us on my/ our behalf at the Annual General Meeting of the Company, to be held on Wednesday, the 28th September, 2016 at 11:30 A.M. at Rajasthani Graduates Association, "Snatak Bhavan", 1st Floor, Abids, Hyderabad and at any adjournment thereof in respect of such resolution(s) as are indicated below

Item No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	To consider and adopt the Audited Financial Statements, Reports of the Board of Directors and Auditors.		
2.	For Re-appointment of Shri Ritesh Kumar Sanghi, who retires by rotation		
3.	To ratify the appointment of the Statutory Auditors of the Company		
<b>Special Business:</b>			
4.	To consider and approve contracts under Section 188(1)(a) of the Companies Act, 2013, with M/s Sanghi Jewellers Private Limited, an associate concern of the Company.		

Signed this ..... day of ..... 2016  
 Signature of the Shareholder(s) ..... Signature of Proxy (s).....

**Note:**

Affix Revenue Stamp
---------------------------

The form of Proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

**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