

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to Clause 49 of the Listing Agreement)

**A. Mandatory Requirements**

The Board of Directors of the Company gives due support to the principles behind the good Corporate Governance. Given below is a report on Corporate Governance:

**1. Company's philosophy on code of Corporate Governance**

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

Statutorily, Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all shareholders. The company's philosophy of corporate governance is not only to meet statutory requirements but also to go beyond that and to attain a high level of transparency and accountancy in the functioning of the Company and the conduct of the business both internal and external. This is done with the sole view to enhance share holder's value.

**2. Board of Director**

**2.1 Composition of the Board:**

The Board of Directors as at 31<sup>st</sup> March, 2015 comprises of eight directors including of three Executive and five Non-Executive Directors. Mr. Dipankumar Babulal Patwa is the Chairman & Managing Director of the Company and he conducts the day to day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are senior, competent and highly respected persons from their receptive fields. The following is the Composition of the Board as at 31st March, 2015:

Sr. No.	Name of Director	Category	No. of Directorship(s) held in Indian public & private Limited Companies	Committee(s) position	
				Member	Chairman
1	Mr. Dipankumar Babulal Patwa	Chairman & Jt. Managing Director	Nil	Nil	Nil
2	Mr. Manish Jaysukhlal Janani	Managing Director	Nil	Nil	Nil
3	Mr. Jeeyan Dipankumar Patwa	Executive director	Nil	Nil	Nil
4	Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive Director	Nil	Nil	Nil
5	Mr. Ajit Mangaldas Shah	Independent and Non Executive Director	Nil	Nil	Nil
6	Mr. Bhavesh Shashikant Sheth	Independent and Non Executive Director	Nil	Nil	Nil
7	Mr. Pankajkumar Vrajlal Shah	Independent and Non Executive Director	Nil	Nil	Nil
8	Mrs. Sonal Dipen Patwa*	Non Independent and Executive Director	Nil	Nil	Nil

\*Appointed as on 26/03/2015

## 2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

## 2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the year under review, the Board met 11 times on the following dates:

22/04/2014, 30/05/2014, 24/06/2014 04/08/2014 11/08/2014 24/08/2014  
01/10/2014 21/10/2014 02/02/2015 04/03/2015 26/03/2015

### c. Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of Director	Category of Directorship	No. of Meetings Attended	Attendance at the last AGM
Mr. Manish Jaysukhlal Janani	Managing Director	10	NO
Mr. Dipankumar Babulal Patwa	Chairman & Jt. Managing Director	11	YES
Mr. Jeeyan Dipankumar Patwa	Executive director	10	NO
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive Director	11	YES
Mr. Ajit Mangaldas Shah	Independent and Non Executive Director	11	YES
Mr. Bhavesh Shashikant Sheth	Independent and Non-Executive Director	11	YES
Mr. Pankajkumar Vrajlal Shah	Independent and Non-Executive Director	11	YES
Mrs. Sonal Dipen Patwa*	Non Independent and Executive Director	1	No

\*Appointed as on 26/03/2015

## 2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 2013, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Jeeyan Dipankumar Patwa, Directors of the Company who retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment.

Profile of Mr. Jeeyan Dipankumar Patwa, Director being appointed u/s 152(6) of the Companies Act, 2013

Name	Mr. Jeeyan Dipankumar Patwa
Date of Birth	14/08/1989
Date of Appointment	23/06/2009
No. of shares held in the company	Nil
No. of warrants held in the company	Nil
Directorship in other company	Nil

**2.5 Details of Directors who are as Chairman and Directors in other Public Companies**

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosures regarding Directorship and Committee position have been made by the Company.

Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2014 and the same is reproduced herein below:

Sr. No.	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Mr. Manish Jaysukhlal Janani	--	--	--
2.	Mr. Dipankumar Babulal Patwa	--	--	--
3.	Mr. Jeeyan Dipankumar Patwa	--	--	--
4.	Mr. Ravindra Chandulal Sanghavi	--	--	--
5.	Mr. Ajit Mangaldas Shah	--	--	--
6.	Mr. Bhavesh Shashikant Sheth	--	--	--
7.	Mr. Pankajkumar Vrajlal Shah	--	--	--
8.	Mrs. Sonal Dipen Patwa*			

\*Appointed as on 26/03/2015

**INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of Chairman of the Company, taking into account the views of the Executive and Non Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

**FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarisation

program. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company. Further, the Familiarisation Programme also provides information relating to the financial performance of the Company and budget and control process of the Company.

#### **EVALUATION OF THE BOARD'S PERFORMANCE**

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgment, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### **CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

In terms of Clause 49 of the Listing Agreement, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

#### **PREVENTION OF INSIDER TRADING**

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board has adopted the said codes and same has been placed at website of the company i.e. [www.lypsa.in](http://www.lypsa.in).

### **3. COMMITTEE OF BOARD:**

The Company had Three Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Stakeholders' Relationship Committee  
(Share Transfer & Shareholders/Investor Grievance Committee)

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

#### **3.1 Audit Committee:**

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 177 of the Companies Act, 2013, comprises of Three members viz. Non Executive and Independent Director Mr. Ajit Mangaldas Shah, Mr. Ravindra Sanghavi and Mr. Bhavesh Shashikant Sheth who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting. Mr. Ajit Mangaldas Shah is the Chairman of the committee.

The Audit Committee of the Board of Directors of the Company, Inter-alias, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

**TERMS OF REFERENCE:**

The scope of activities of the Audit Committees includes the following:

- A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accounting entries abased on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- D. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- E. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department. Reporting structure, coverage and frequency of internal audit.
- F. Discussion with internal auditors any significant findings and follow up there on.
- G. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- H. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct post audit discussions to ascertain any area of concern.
- I. Reviewing the company's financial and risk management policies.
- J. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of nonpayment of declared dividend) and creditors.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following Board Meeting for recode. The Board of Directors, regularly appraised on the recommendations for the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III)(E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the internal auditors.

**LYPSA GEMS & JEWELLERY LIMITED.  
ANNUAL REPORT 2014-15**



During the year under review, the 4 Audit Committee was held during Financial Year 2014-15. The dates on which the said meetings were held as follows:

30/05/2014	04/08/2014	21/10/2014	02/02/2015
------------	------------	------------	------------

The necessary quorum was present at the meetings.

### 3.2 Nomination and Remuneration Committee

The remuneration committee of the Company comprises of Non Executive and Independent Director Mr. Bhavesh Shashikant Sheth, Mr. Pankajkumar Vrajlal Shah, Mr. Ravindra Sanghavi and Mr. Ajit Mangaldas Shah.

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director etc.

There are four meetings of Remuneration Committee held during the Financial Year 2014-15.

30/05/2014	04/08/2014	21/10/2014	02/02/2015
------------	------------	------------	------------

### Details of Remuneration of Executive / Non-Executive Directors for the financial year ended 31st March, 2015

(In Lakhs)

Name	Executive / Non-Executive	Salary	Bonus	Contribution to PF	Perquisites	Total
Manish Jaysukhlal Janani	Executive	2400000	0.00	0.00	0.00	2400000
Dipankumar Babulal Patwa	Executive	2400000	0.00	0.00	0.00	2400000
Jeeyan Dipan Patwa	Executive	600000	0.00	0.00	0.00	600000
Ravindra Chandulal Sanghavi	Non- Executive	0.00	0.00	0.00	0.00	0
Ajit Mangaldas Shah	Non- Executive	0.00	0.00	0.00	0.00	0
Bhavesh Shashikant Sheth	Non- Executive	0.00	0.00	0.00	0.00	0
Pankajkumar Vrajlal Shah	Non- Executive	0.00	0.00	0.00	0.00	0
Sonal Dipan Patwa	Director	0.00	0.00	0.00	0.00	0

### 3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

The Share Transfer & Shareholders'/Investor Grievance committee comprises as under:

Sr. No.	Name	Status	Position
1	Mr. Ravindra Sanghavi	Independent and Non- Executive	Chairman
2	Mr. Manish J. Janani	Managing Director	Member
3	Mr. Ajit Shah	Independent and Non- Executive	Member

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31<sup>st</sup> March, 2015 is given below):

**LYPSA GEMS & JEWELLERY LIMITED.**  
**ANNUAL REPORT 2014-15**



**Complaints Status: 01.04.2014 to 31.03.2015**

- Number of complaints received so far : 2
- Number of complaints solved : 2
- Number of pending complaints : NIL

**Compliance Officer:**

Mrs. Neelam Maheshwari is Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India (SEBI), Listing Agreement with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

**4. GENERAL BODY MEETINGS:**

(a) The location and time, where last three years Annual General Meetings are as follows :

Year	Venue	Date	Time
2011-12	306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat Gujrat-395 003	29/09/2012	11:30 A.M.
2012-13	2nd Floor, Diamond Park Building, Opp. Ambika Nagar Society, Dargah Road, Navsari – 396445	27/09/2013	11:30 A.M.
2013-14	2nd Floor, Diamond Park Building, Opp. Ambika Nagar Society, Dargah Road, Navsari – 396445	04/09/2014	11:30 A.M.

(b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in previous three Annual General Meeting for the following three consecutive financial years:

**2014**

Following Special Resolutions had been passed in the Annual General Meeting:

1. Increase Authorised Share capital of the company from Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs. 25,00,00,000 (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lacs) equity shares of Rs.10/- (Rupees Ten Only) each, by creation of 50,00,000 Equity shares of Rs. 10/- (Rupees Ten only)
2. Alteration of Memorandum of Association of the company pursuant to increase in authorised share capital of the company.
3. Alteration of Articles of Association of the company pursuant to increase in authorised share capital of the company.
4. Issue 70,20,000 Equity Shares of Rs. 10/- each in the proportion of 1(one ) equity shares through Bonus issue in proportion of in proportion of proportion of 1 (one) equity share for every 2 (Two )equity shares held by such persons respectively on the Record Date i.e. 30th September, 2014 every 2 (Two )equity shares held by such persons respectively on the Record Date i.e. 30<sup>th</sup> September, 2014

**2013**

Not any Special Resolutions had been passed in the Annual General Meeting

**2012**

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Shifting of Registered office of the Company 306, Mahavir Chambers, Taratia Hanuman Galli, Mahidharpura, Surat To 2<sup>nd</sup> Floor, Diamond Park Building, Opp. Ambika Nagar Society, Dargah Road, Navsari – 396445
- (2) Approval of Managerial Remuneration Given To Mr. Jeeyan Patwa, Director of the Company.
- (3) Approval for increase in NRI holding ceiling limit from 5% to 24% of the paid up capital.

**EXTRA ORDINARY GENERAL MEETING DURING THE YEAR 2014-2015**

No Extra Ordinary General Meeting held during the financial year under review.

**POSTAL BALLOT RESOLUTION PASSED DURING THE YEAR 2014-15**

No Postal Ballot Resolution passed during the Year.

**5. DISCLOSURES**

- ❖ Materially significant Related Party Transactions:
- ❖ The Company has no material significant related party transactions that may have a potential conflict with the interest of the Company. The details of transactions between the Company and the related parties are given under Notes to the Financial Statement for the year ended 31<sup>st</sup> March, 2015. The Board has approved a policy for related party transactions which has been uploaded on the Company website.
- ❖ The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- ❖ The Company has adopted the Code of Ethics and Business principles for the members of Board and senior management personnel.
- ❖ The Company has adopted a 'Code of Conduct for Prevention of Insider Trading ("the Code") in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and its subsequent amendment. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof. However whistle blower policy has not been formed during the year under review. Further, we affirm that no personnel have been denied access to the Audit Committee. Employees can report to the Management concerned regarding unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct Policy.
- ❖ The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement.
- ❖ The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- ❖ The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges/SEBI or any other statutory authority on any matter related to Capital market.

**CEO/CFO CERTIFICATION:**

(Under Clause 49(V) of Listing Agreement)

We Certify that --

a. We have reviewed the financial statements and the cash flow statement for the year 2014-15 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2014-15 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

**LYPSA GEMS & JEWELLERY LIMITED.**  
**ANNUAL REPORT 2014-15**



- Significant changes in internal control over the financial reporting during the year 2014-15;
- Significant changes in accounting policies during the year 2014-15 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

**6. MEANS OF COMMUNICATION:**

The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient.

The Company's financial results and official news releases are displayed on the Company's website i.e www.lypsa.in

The Management Discussions and Analysis Report forms part of the Directors Report and is given separately.

**7. GENERAL SHAREHOLDERS' INFORMATION:**

- a. Annual General Meeting: Date, Time and venue: 30<sup>TH</sup> September, 2015 at 11.00 A.M. at the Registered Office of the Company.
- b. Financial Year: 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015.
- c. Financial Calendar:  
(2015-16) (Tentative)
 

First Quarter Results	:	Second week of August, 2015
Second Quarter Results	:	Second week of November, 2015
Third Quarter Results	:	Second week of February, 2016
Fourth Quarter Results	:	Second week of May, 2016
- d. Date of Book Closure: 25<sup>th</sup> September, 2015 to 26<sup>th</sup> September, 2015. (Inclusive Both days)
- e. (i) Dividend Payment Date: 30<sup>th</sup> September, 2015  
(ii) Due date for Transfer of Unclaimed Dividend to IEPF:

Sr. No	Financial Year	Date of Declaration	Dividend Declare	Dividend Paid	Unclaimed Dividend	Due date for Transfer to IEPF
1	2009-10	30/09/2010	7020000.00	6270100.00	749900.00	30/09/2017
2	2010-11	30/09/2011	7020000.00	6193000.00	827000.00	30/09/2018
3	2011-12	29/09/2012	7020000.00	6458145.00	561855.00	29/09/2019
4	2012-13	27/09/2013	7020000.00	6586413.00	433587.00	27/09/2020
4	2013-14	04/09/2014	7371000.00	5821064.00	1549936.00	04/09/2021

- f. Listing of Equity Shares on Stock Exchanges: The Company applied for voluntary delisting from Ahmedabad Stock Exchange Limited and gets delisted from the same on 31<sup>st</sup> March, 2014.

The Company is listed on Bombay Stock Exchange limited Annual listing fees for the financial Year up to 2015-16 has been paid. The Company is also listed on National Stock Exchange Limited w.e.f. 5<sup>th</sup> November, 2013.

- g. Stock Code: BSE - 534532  
NSE - LYPSAGEMS

- h. Demat ISIN number: INE142K01011

**LYPSA GEMS & JEWELLERY LIMITED.  
ANNUAL REPORT 2014-15**



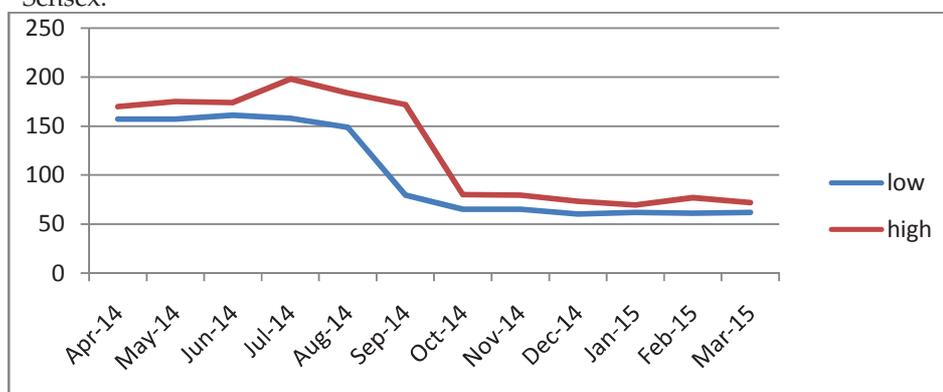
i. High / Low of Monthly Market Price of the Companies Equity Shares traded on Bombay Stock Exchange during the financial year 2014-15 are furnished below:

Month	High Price (Rs.)	Low Price (Rs.)
April 2014	169.90	157.00
May 2014	175.00	157.00
June 2014	174.00	161.05
July 2014	198.10	158.00
August 2014	183.75	148.65
September 2014	172.00	79.55
October 2014	79.95	65.05
November 2014	79.60	65.00
December 2014	73.25	60.30
January 2015	69.50	62.00
February 2015	77.00	61.00
March 2015	71.90	61.80

j. High / Low of Monthly Market Price of the Companies Equity Shares traded on National Stock Exchange of India Limited during the financial year 2014-15 are furnished below:

Month	High Price (Rs.)	Low Price (Rs.)
April 2014	190.00	155.00
May 2014	187.90	159.50
June 2014	175.00	139.00
July 2014	198.60	155.00
August 2014	178.90	149.00
September 2014	157.55	77.50
October 2014	80.70	65.25
November 2014	74.00	66.30
December 2014	80.00	61.30
January 2015	69.85	60.40
February 2015	76.80	55.00
March 2015	71.00	61.15

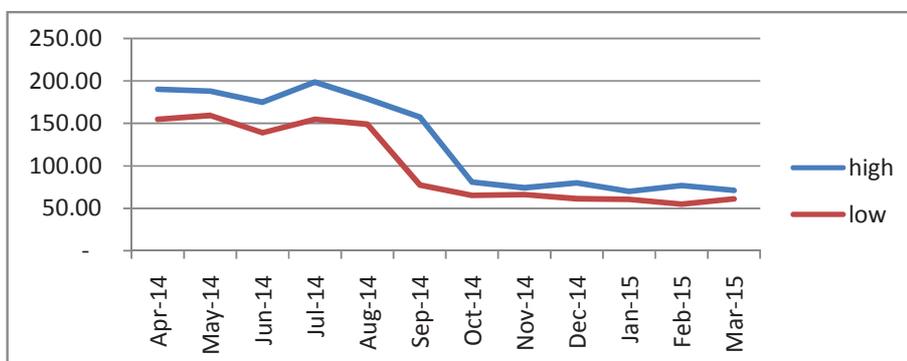
k. (i) Performance of the Company's shares in comparison with broad-based indices as BSE's Sensex:



**LYPSA GEMS & JEWELLERY LIMITED.**  
**ANNUAL REPORT 2014-15**



(ii) Performance of the Company's shares in comparison with broad-based indices as NSE's Sensex:



- l. Registered and Transfer Agent: The Company has appointed M/s. Purva Shareregistry (India) Pvt. Ltd. No-9, Shiv Shakti Industrial Estate, Ground Floor, J. R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel, Mumbai - 400 011.
- m. Share Transfer System: All work related to transfer in physical form and Demat complete in all respects were approved and registered within the stipulated period by R & T of the Company.
- n. Distribution of Shareholding as on 31.03.2015

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	No.	% to total	In Rs.	% to total
upto	5000	824	39.69	1002850	0.48
5,001	10,000	958	46.15	5904860	2.80
10,001	20,000	96	4.62	1383240	0.66
20,001	30,000	46	2.22	1322780	0.63
30,001	40,000	4	0.19	134140	0.06
40,001	50,000	7	0.34	317790	0.15
50,001	1,00,000	14	0.67	963130	0.46
1,00,001	and above	127	6.12	199571210	94.76
<b>Total</b>		<b>2076</b>	<b>100.00</b>	<b>210600000</b>	<b>100.00</b>

o. Shareholding pattern as on 31.03.2015

Category	No of Shares held	% of Shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group		
Companies	7585000	36.02
b. Foreign Institutional Investors	207000	0.98
c. Other bodies corporate	8126245	38.59
d. Indian public	4289534	20.37
e. HUF	447710	2.13
f. NRI	379144	1.80
G. Clearing Member	25367	0.12
<b>TOTAL</b>	<b>21060000</b>	<b>100</b>

**LYPSA GEMS & JEWELLERY LIMITED.**  
**ANNUAL REPORT 2014-15**



p. Top 10 Shareholders as on 31st March, 2015 (Other than Promoters)

Sr. No	Name of Shareholders	Shareholding	%
1	Gajgamani Stockist Private Limited	1005234	4.77
2	Keval Share Broking Pvt Ltd	731599	3.47
3	Corporate Stock Broking Pvt Ltd	450000	2.14
4	Amritlal Haridas Shah	372608	1.77
5	Vikram Shares And Stock Broking Pri	339000	1.61
6	Synergy Cosmetics Exim Limited	315450	1.50
7	Dhanlaxmi Lease Finance Ltd	315000	1.50
8	Corporate Share Registry Pvt Ltd	300000	1.42
9	Corporate Commodity Brokers Pvt Ltd	300000	1.42
10	Naysaa Securities Limited	228052	1.08
11	Sapnasuraha Commercial Pvt Ltd	210000	1.00
	<b>Total</b>	<b>4566943</b>	<b>21.69</b>

Dematerialization of shares: As on 31-03-2015 Demated shares accounted for 72.55% (15279147 Equity Shares) of total equity.

Outstanding GDR / ADR / Warrants: Not Applicable

**Address for communication:**

1. M/s. Purva Sharegistry (India) Pvt. Ltd.

No-9, Shiv Shakti Industrial Estate,

Ground Floor, J. R. Boricha Marg,

Opp. Kasturba Hospital, Lower Parel,

Mumbai - 400 011

Tele No. : 022-2301 6761 / 2301 8261 Fax No. : 022-2301 2517

E-mail :busicomp@vsnl.com

2. Lypsa Gems & Jewellery Ltd

2<sup>nd</sup> Floor, Diamond Park Building,

Opp. Ambika Nagar Society,

Dargah Road, Navsari - 396445

Email Id: info@lypsa.in

Website: www.lypsa.in

**Declaration of compliance with the code of conduct**

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Manish Janani, Managing Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 2015.

**For Lypsa Gems & Jewellery Ltd**

**Date: 28/08/2015**

**Place: Navsari**

**SD/-**  
(Manish Janani)  
**Managing Director**  
(DIN: 02579381)

**SD/-**  
(Dipan Patwa)  
**Chairman**  
(DIN: 2579405)

**SD/-**  
(Jeeyan Patwa)  
**Director**  
(DIN: 02579469)

**LYPSA GEMS & JEWELLERY LIMITED.  
ANNUAL REPORT 2014-15**



**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Lypsa Gems & Jewellery Limited

We have examined the compliance of conditions of Corporate Governance by Lypsa Gems & Jewellery Limited for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and belief and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no investor grievance(s) is/ are pending for a period exceeding for one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

**Date: 29<sup>TH</sup> May 2015**  
**Place: Mumbai**

**For M/s. Doshi Maru & Associates**  
**Chartered Accountants**  
**FRN. No. 112187W**

**S/d**  
**Atul B. Doshi**  
**(Partner)**  
**M. No. 102585**

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview:

The purpose of this discussion is to provide an understanding of LYPSA GEMS & JEWELLERY LTD's financial results and business performance by focusing on changes in certain key measures from year to year. This Report includes discussion on the following matters within the limits set by the Company's competitive position:

Diamonds, which for centuries have symbolized love and eternity, are found in some of the world's oldest pieces of jewelry. De Beers drew on that ancient symbolic legacy to make diamond engagement rings a token of romance and lifelong commitment—captured in the memorable catchphrase “a diamond is forever”—and in the process created the modern diamond industry.

### Indian Overview:

Driven by an array of cultural, social and demographic aspects, the jewellery industry is one of the fastest growing industries in India. It propels India's foreign exchange earnings forming about 14% of total exports.). The industry provides employment to around 3.40 million workers. The market size is estimated to grow at a CAGR of 12-15% to reach Rs 3,000 billion by 2015-16.

Escalating inflation, Reserve Bank of India's (RBI) stern outlook on interest rates and high fiscal deficit played spoilsport. Government has taken several reforms to tackle the deteriorating scenario. Such initiatives include Foreign Direct Investment (FDI) in retail sector, sugar decontrol, petrol and diesel price hikes and others. RBI has also changed its policy with repo rate being reduced thrice and cash reserve ratio once till June, 2013. These measures are likely to revive the economy from the dark shadows of economic slowdown.

### Industrial Structure and Development:

The consumption of gold and jewellery products grew 10-15% per annum over the years; the Indian market is estimated at US\$ 30 billion. India boasts of a very competitive gems and jewellery market because of its low production cost, skilled artisans, government incentives and establishment of special economic zones (SEZs). India and China are expected to account for 30% of the global diamond market by 2015. India's gems and jewellery sector is expected to grow at a CAGR of around 16.26 % between 2011- 12 and 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives (Source: Ministry of Commerce & Industry). The shipment of gems and jewellery makes up about 14% of India's total exports, and the sector employs about 3.4 million workers, with the Middle East taking most of the market (Source: Indian Brand Equity Foundation-IBEF).

### The Global Economy and the Diamond Industry

The financial year 2014-15 saw various challenges emanating from the Eurozone crisis, the US fiscal cliff and slowdown in the emerging economies. The economic activities remained subdued with diverging growth trajectories across different economies. However, there have been signs of revival with the economic indicators gaining traction in the US. Emerging economies are also showing resilience. Amid adversities, China witnessed GDP growth of around 7.50% for two consecutive quarters of 2014 while growth slowed down in the last two quarters. India remains strong to counter the global economic upheaval. With the commitment of the governments of various countries to long-term growth, things are likely to improve going ahead. The global economy has not had a bumper year. The extent to which growth in emerging markets can compensate for weaknesses in mature ones has diminished with each crisis. The Euro-zone catastrophe has spread across European borders, along with resulting concerns about its global impact

### Outlook

The global economic environment in 20 remained uncertain with an average growth of between 2% to 3%. There are signs of improving consumer confidence and of major policy changes in some of the

developed markets which may provide the required momentum to spurt global growth and kick start the path of recovery. However, the situation in the emerging markets is more upbeat with strong consumer spending and investment sentiment driving economy between 5% to 8% in the current year. The US economy is definitely showing signs of steady recovery.

We expect the American Economy to remain stable and thereby generate steady demand of diamond-studded jewellery. Even though the Chinese Economy is showing signs of weakness, we expect demand to pick up in the latter half of the year. Indian jewellery demand is expected to increase owing to falling gold prices and the diamond industry is expected to benefit from increased sales

### **Company's Goal**

Lypsa intends to become a fully integrated and profitable diamond company in the next few years. We intend to go down the value chain and become closer to the customer through retail diamond and jewelry sales and thereby increase profit margins. We intend to build a well-managed corporate organization with standard processes and controls, competent management and reduced dependency on the promoters to generate revenue – features that are quite unique to Indian diamond companies.

### **Business Model**

Lypsa aims to increase efficiency of its manufacturing facilities and workforce through constant training programs and regular machinery updates. Lypsa will extend its product portfolio to include bigger sizes and more myriad qualities of cut and polished diamonds.

Marketing alliances are key to revenue growth. Lypsa strives to forge strategic alliances to distribute its cut and polished diamonds globally. This year Lypsa will rollout a comprehensive services package to its global jewellery clients in order to increase the value-add and margins from the cut and polished diamonds business. These services will include Just In Time Manufacturing, Bespoke Cuts, Bagging and Fluting, Calibrated Sizing and Tailored Assortments. Lypsa envisions transforming into a one-stop diamonds services provider for our clients.

In addition to this, Lypsa has launched two jewellery brands: Oropel and Lypsa Atelier.

Oropel caters to young brides wanting custom and high-end wedding jewellery. Lypsa plans to open a Jewellery Salon in South Mumbai in Q4FY16. Lypsa Atelier retails contemporary jewellery for the discerning mid-income group women through all major E-Commerce platforms. Lypsa will strive to keep increasing sales and brand recognition of both Oropel and Lypsa Atelier.

### **Lypsa's position in the Diamond Value Chain**

The core activity of Lypsa is cutting and polishing of rough diamonds to convert them into finished stones that can be sold to traders and jewelers. Apart from this, Lypsa also sells rough diamonds in the open market that it procures from its sources if it feels that the profit on rough diamond sale is going to be larger than when post-processing. Thus, Lypsa is present in the stages from Rough Diamond Sales to Polished Diamond Sales. As stated above, these activities enjoy relatively lower profit margins than retailing and production. Acknowledging this, Lypsa has decided to expand into the retail segment through a foray into jewellery which will allow high profit margins.

## **SWOT ANALYSIS**

### **Strengths**

- Promoters enjoy more than 20 years of experience in the industry.
- Low cost of manufacturing owing to a frugal approach towards infrastructure building.
- Possibility to scale production without large Capex.
- Good combination of technical as well as advisory personnel in the management.
- Good network at the grassroots level as well as with top companies.
- Increasing diversity in consumer base.

#### **Weaknesses**

- Organizational development processes at relatively initial phase.
- Relatively large reliance on promoters for overall management.
- Lack of first hand supply of rough diamonds from the producers.

#### **Opportunities**

- Further strengthen manufacturing base with latest manufacturing and product development technologies.
- Entry into higher value-add jewellery industry.
- Increasing product portfolio to include bigger stones and fancy cuts.
- Develop patented cuts of diamonds through R&D and market the unique product to allow greater margins.

#### **Threats**

- Volatility of rough diamond prices.
- Volatility in gold prices impacting jewellery demand and hence diamond demand.
- Advent of man-made diamonds in the market.

#### **Risk and Concerns**

Lypsa Gems & Jewellery Limited is exposed to various risks that are particular to its businesses and environment within which it operates including loss of key managerial personnel, increase in input costs, political instability, changes in economies or government policies, geographic concentration risk, raw material risk, seasonality risk and government regulations. The completion factor also affects the performance of the Company. The Company's current and fixed assets as well as products are adequately insured against various risks. The Company's risk management and control procedures involve prioritization and continuing assessment of these risks and devise appropriate controls, evaluating and reviewing the control mechanism. Through this approach, the Company strives to identify opportunities that enhance organizational values while managing or mitigating risks that can impact its future performance.

#### **Internal Control System and their Adequacy**

Your Company has in place adequate systems and processes to safeguard and protect its data and knowledge resources. The systems are updated and monitored on a continuous basis so as to ensure complete alignment with evolving technological requirements. The Company has a well-documented data security policy with pre-defined levels of access authorizations. To ensure safety and security of its strategic locations, the Company employs a comprehensive system of electronic surveillance and physical controls. The products manufactured and dealt in by the Company, as well as major production inputs are high value in nature. To ensure physical security of such products, the Company has multi-tier security and tracking mechanisms. Regular internal audit is conducted to ensure that all systems and procedures are in place and are followed regularly. Your Company maintains adequate insurance against unforeseeable risks, given the nature of its products.

#### **Material Developments in Human Resources/Industrial Relations front including number of people employed**

Human Resources are most valuable assets of the Company. The Company's Human Resource Policy primarily aims at talent management and leadership development, safety and health of its employees. The Company has well-experienced, creative, talented and motivated staff to cater to the business demands in terms of better designs, quality and precision in manufacture with minimum possible loss and consistency to meet international standards. The Company provides an environment, which encourages initiatives, innovative thinking and reward performance. The Company also focuses on development of employees at all levels and supports them with safe, pollution free and favorable working conditions. As a result, the employees of the Company have played a crucial role in contributing to the growth of the Company.

### **Cautionary Statement**

Statements in Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual Results could differ materially from those expressed or implied due to variations in prices of raw materials, seasonal demand and pricing in the Company's principle markets, changes in Government regulations, tax regimes, economic developments and other incidental factors.

### **Future Plans**

Research has been commissioned to plan the entry of Lypsa in the jewellery space. The growing demand of branded jewellery, higher profit margins than loose diamonds and the broad customer base make the jewellery industry a very attractive forward integration option. At the end of the year, we expect the launch of the jewelry venture.

Increasing production capacity has been proposed through expansion of the current facility and setting up of a new factory in Gujarat. A program has been initiated to cut down manufacturing costs without compromising on quality.

Setting up of an R&D unit is also on the cards to develop unique diamond cuts. These cuts will be proprietary to Lypsa and will be marketed to retailers.

**Date:** 28/08/2015

**Place:** Navsari

**For Lypsa Gems & Jewellery Ltd**

**SD/-**  
(Manish Janani)  
**Managing Director**  
(DIN: 02579381)

**SD/-**  
(Dipan Patwa)  
**Chairman**  
(DIN: 2579405)

**SD/-**  
(Jeeyan Patwa)  
**Director**  
(DIN: 02579469)