



NEOGEM INDIA LIMITED

Always Innovative

ANNUAL REPORT 2009 - 2010



BOARD OF DIRECTORS

Mr. Gaurav Doshi	-	<i>Chairman & Managing Director</i>
Mr. Ronak Doshi	-	<i>Vice Chairman & Whole Time Director</i>
Mr. Vikas Patel	-	<i>Non-Executive Independent Director</i>
Mr. Jayant Nagarkar	-	<i>Non-Executive Independent Director</i>

Shri. Mahindra Doshi - *Executive President*

AUDITORS

M/s. Ashok Bairagra & Associates

Chartered Accountants
Mumbai

BANKERS

Punjab National Bank
Oriental Bank of Commerce

REGISTERED OFFICE

G/32, Gems and Jewellery Complex III,
Seepz (SEZ), Andheri (East),
Mumbai - 400 096.
Tel. : 3088 2640 / 41
Fax : 2829 1123

REGISTRAR & TRANSFER AGENT

M/s. System Support Services

209, Shivai Industrial Estate,
Next to Parke-Davis, Sakinaka,
89, Kurla-Andheri Road,
Andheri (East),
Mumbai - 400 072.
Tel. : 2850 0835
Fax : 2850 1438

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Neogem India Limited

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **Neogem India Limited** will be held on Thursday, 30th September 2010 at 1:30 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010, Profit and Loss Account for the year ended on that date and the Schedules together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ronak Doshi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s Ashok Bairagra & Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), and subject to the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with guidelines prescribed by the Securities and Exchange Board of India (“SEBI”), or any other relevant authority and clarifications thereon issued from time to time, if any, and subject to all such approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals and permissions or sanctions as may be necessary (“Approvals”) and any conditions and/or modifications as may be prescribed, stipulated or imposed by any such Approvals and/or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall include a duly authorized Committee thereof for the time being exercising the powers conferred upon the Board by this resolution), the consent of the members of the Company be and is hereby accorded to the Board to create, offer and issue, on a preferential allotment basis, upto 15,60,000 Fully Convertible Equity Share Warrants carrying an entitlement to subscribe to an equivalent number of Equity Shares of Rs.10/- each at an exercise price of Rs.11/- (Rs.10 each at premium of Re.1/- each), being the price calculated with respect to the Relevant Date i.e. 31st August 2010, as prescribed under Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 to the promoter group whose names are mentioned below:

Sr. No.	Name of Persons to whom share warrants to be allotted	Maximum no. of Share Warrants to be allotted	No. of Equity Shares upon Conversion within 18 months from the date of allotment	Equity Shareholding before Preferential Issue of Equity Share Warrants		Equity Shareholding after Preferential Issue of Equity Share Warrants upon conversion	
				No. of Shares	% of Share holding	No. of Shares	% of Share holding
1	Rekha Doshi	2,39,600	2,39,600	10,46,940	13.29	12,86,540	13.63
2	Ronak Doshi	3,10,200	3,10,200	8,39,800	10.66	11,50,000	12.18
3	Gaurav Doshi	3,10,200	3,10,200	8,39,800	10.66	11,50,000	12.18
4	Reshma Doshi	3,50,000	3,50,000	2,00,000	2.54	5,50,000	5.83
5	Vaitasi Doshi	3,50,000	3,50,000	2,00,000	2.54	5,50,000	5.83
	Total	15,60,000	15,60,000				

RESOLVED FURTHER THAT the Fully Convertible Equity Share Warrants shall be issued by the Company on the following terms and conditions:

- i) An amount equivalent to 25% of the exercise price of the Equity Shares arising out of the Equity Share Warrants shall be payable at the time of making the application for the Equity Share Warrants, which will be kept by the Company as application money to be adjusted and appropriated against the price of the Equity Shares payable by the Equity Share Warrant Holders at the time of exercising the option.
- ii) The option to acquire the 15,60,000 Equity Shares shall be exercised by the Share Warrant Holders in one or more tranches within the period of 18 months from the date of allotment of the Share Warrants.



- iii) In the event, if the Equity Share Warrant Holders do not exercise the option under the share warrants on or before the expiry of 18 months from the date of allotment of the Equity Share Warrants, the Equity Share Warrants shall lapse and the application money of 25% as indicated in point (i) above shall stand forfeited by the Company.
- iv) The Equity Share Warrants and the Equity Shares arising from exercising the option under the Equity Share Warrants shall be subject to a lock-in as prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- v) The issue of the Equity Share Warrants as well as the Equity Shares arising from exercising the option under the Equity Share Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and also the Regulations issued by SEBI or any other authority as the case may be, or any modification thereof.
- vi) The Equity Shares to be issued and allotted as a consequence of exercise of the option under the Equity Share Warrants in the manner aforesaid shall rank *pari passu* in all respects including dividend with the existing Equity Shares of the Company.
- vii) In the event of the Company making a rights offer/ bonus issue by issue of new Equity Shares prior to the allotment of the Equity Shares resulting from the exercise of the option under the Equity Share Warrants, the entitlement to the Equity Shares under the Equity Share Warrants shall stand increased in the same proportion as that of the rights offer/ bonus issue and such additional Equity Shares will be offered to the Equity Share Warrant Holders at the same price at which the existing Shareholders are offered the Equity Shares.

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of the Equity Shares resulting from the exercise of the option under the Equity Share Warrants, shall be the date 30 days prior to the date on which the meeting of the general body of shareholders is held in terms of Section 81 of the Act to consider the proposed issue i.e. 31st August, 2010.

RESOLVED FURTHER THAT the Board be and is hereby authorized to create, issue and/or allot 15,60,000 Equity Shares upon conversion of the Equity Share Warrants to the Promoters on the terms and conditions mentioned above.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and/or ratify all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required in connection with the creation, offer, issue and allotment of the securities, to settle any question, difficulty or doubt that may arise in this regard, to seek listing of the Equity Shares arising out of the conversion and to do all such other acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as the Board may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the Government of India/ SEBI/ or any other regulatory authority may stipulate in that behalf."

By Order of the Board of Directors

Date : 2nd September, 2010

Place: Mumbai

Registered Office:

G-32, Gems & Jewellery Complex III,
Seepz (SEZ), Andheri (East), Mumbai-400 096

Gaurav Doshi

Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio Nos. in the attendance slip while attending the meeting for easy identification of attendance at the meeting.
4. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23rd September 2010 to Thursday, 30th September 2010 (both days inclusive).
5. Members are requested to:-
 - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as



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- regards the Audited Accounts for the financial year ended 31st March 2010, so as to enable the Company to keep the information ready.
- ii. Bring their copy of the Annual Report and the Attendance slip at the Annual General Meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.
 - iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.
 - v. Approach the R&TA of the Company for consolidation of folios.
 - vi. Avail of Nomination facility by filing in and forwarding the nomination form to the R&TA, if not already done.
 - vii. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s System Support Services located at 209, Shivai Industrial Estate, Next to Parke- Davis, Sakinaka, 89, Andheri-Kurla Road, Andheri (East), Mumbai – 400 072 upto the date of book closure.
6. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
 7. The Company has listed its shares on the Bombay Stock Exchange Limited. All listing fees till date have been paid.
 8. Non-Resident Indian members are requested to inform the Company/ R&TA the following immediately:
 - i. Change in the residential status on return to India for permanent settlement.
 - ii. The particulars of NRE Bank Account maintained in India with complete name and address of the bank, if not furnished earlier.
 9. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
 10. Mr. Ronak Doshi, Executive Director retires by rotation, being eligible, offers himself for re-appointment. A brief profile of Mr. Ronak Doshi, pursuant to Clause 49(IV)(g) of the Listing Agreement relating to Corporate Governance is as under:

Name: Mr. Ronak Doshi
Date of Birth: 12/11/1974
Date of appointment on Board: 28/03/1997
Qualification: B. Com from Mumbai University
Expertise/ Other Details: 15 years of experience in manufacturing of studded jewellery and also heading the Marketing department of the Company
No. of equity shares held: 8,39,800 equity shares
Name of Companies in which he holds Directorship: Empress Jewelry Pvt. Ltd.

EXPLANATORY STATEMENT:

Pursuant to section 173(2) of the Companies Act, 1956

Item no. 4:

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, consent of shareholders by way of special resolution is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Listing Agreement executed by the Company with the Stock Exchange where the Company's shares are listed.

The Disclosure as required under "SEBI Regulations for Preferential Issue" under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are as under:

a) Objects of the issue

The Object of the issue is to meet the working capital requirements of the Company. The offer, issue and allotment of 15,60,000 Equity Share Warrants to the person(s) shall be completed within the prescribed period of 15 days from the



date of passing of the special resolution in accordance with Clause 24(a) of the Listing Agreement and the regulations of the Securities & Exchange Board of India (SEBI) for preferential issue, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto or within such other time as may be permitted under the said regulations. The said Equity Shares shall have face value and shall be subject to such terms and conditions, as are stated in the special resolution mentioned above.

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's Regulation for preferential issue being Chapter VII to the SEBI's (Issue of Capital and Disclosure Requirements) Regulations, 2009 by the proposed issue shall be laid before the shareholders at the proposed Annual General Meeting.

b) Intention of Promoters to subscribe to the offer

The Promoters of the Company have conveyed to the Company, their intention to subscribe to/acquire Equity Share Warrants of the Company on Preferential Allotment basis as proposed under Special Resolution at Item No. 4 above.

c) Shareholding Pattern before and after the Preferential Allotment

The shareholding pattern of the Company before and after the preferential issue, based on the shareholding as on 2nd September 2010 i.e. the date of Notice is:

Sr. No.	Shareholding Pattern	Before Preferential Issue of Shares		After Preferential Issue of Shares	
		No. of Shares	% of Share holding	No. of Shares	% of Share holding
A	Promoters' Holding				
	1. Promoters				
	- Indian Promoters	31,33,450	39.77	46,93,450	49.72
	- Foreign Promoters	-	-	-	-
	2. Persons acting in concert	-	-	-	-
	Sub Total	31,33,450	39.77	46,93,450	49.72
B	Non – Promoters' Holding				
	3. Institutional Investors				
	a. Mutual Funds and UTI	24,300	0.31	24,300	0.26
	b. Banks, Financial Institution, Insurance Companies (Central/ State Govt. Institutions / Non – Government Institutions)	-	-	-	-
	c. FII's	-	-	-	-
	Sub Total	24,300	0.31	24,300	0.26
C	4. Others				
	a. Private Corporate Bodies	6,24,620	7.93	6,24,620	6.62
	b. Indian Public	40,22,830	51.04	40,22,830	42.61
	c. NRI's / OCB's	74,800	0.95	74,800	0.79
	d. Any Other (Please Specify)	-	-	-	-
	Sub Total	47,22,250	59.92	47,22,250	50.02
	GRAND TOTAL	78,80,000	100.00	94,40,000	100.00

Note: Assuming that warrant holders exercise their entitlement in full.

d) Proposed time within which allotment will be completed

The allotment of 15,60,000 Equity Share Warrants as proposed under special resolution of the notice will be completed within 15 days period from the passing of the said resolution at this meeting, or as per clause 24(a) of the Listing Agreement or such other time as may be prescribed under the SEBI's Regulation on Preferential Issues.

e) Identity of allottees with percentage of expanded capital to be held by them

The proposed allottees for 15,60,000 Equity Share Warrants, issued pursuant to special resolution at Item No. 4 of the notice and the percentage of expanded capital to be held by them after the proposed allotment of the said equity shares to them as per the said resolution are as under:



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Sr. No.	Name of Persons to whom share warrants to be allotted	No. of Share Warrants to be allotted	No. of Equity Shares upon Conversion within 18 months from the date of allotment
1.	Rekha Doshi	2,39,600	2,39,600
2.	Ronak Doshi	3,10,200	3,10,200
3.	Gaurav Doshi	3,10,200	3,10,200
4.	Reshma Doshi	3,50,000	3,50,000
5.	Vaitasi Doshi	3,50,000	3,50,000
	Total 15,60,000	15,60,000	

Note: Assuming that warrant holders exercise their entitlement in full.

f) Change in Management

The proposed preferential allotment of equity shares will not result in any change in the management and control of the Company. Voting rights shall change according to the change in shareholding pattern mentioned above.

g) Pricing

The issue of equity shares on preferential basis shall be at a price of Rs.11/- i.e Rs.10/- face value and Re.1/- premium, as determined in compliance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for Preferential Issues.

h) Relevant Date

Relevant date for this purpose is 31st August 2010 i.e. 30 days prior to the date of the meeting of the Members of Company i.e. 30th September 2010.

i) Auditor's Certificate

A copy of the certificate of the Auditors of the Company certifying the adherence of SEBI's Regulation for preferential issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

j) Lock in

The Equity Shares allotted on exercise of option of conversion of Equity Share warrants to all applicants stated above on the preferential basis shall be locked in for a period of three years in case of Promoters and one year for others from the date of allotment as per SEBI Regulations.

In terms of the provisions of the Companies Act, 1956, consent of the members is required for issue of Equity Share Warrants to persons other than existing members. Hence consent is sought under section 81 (A) of the Companies Act, 1956, for the offer, issue and allotment of the said warrants, as stated in the resolution. The Board may be authorized to issue the Equity Share Warrants in accordance with the terms of offer, as detailed in the resolution and to take all necessary actions without any limitations for implementing the resolution.

None of the Directors of the Company except Mr. Gaurav Doshi and Mr. Ronak Doshi are concerned or interested in the aforesaid proposed resolution except to the extent of their shareholding.

The Board of Directors recommend the resolution for the approval of the shareholders.

By Order of the Board of Directors

Date : 2nd September, 2010

Place: Mumbai

Registered Office:

G-32, Gems & Jewellery Complex III,
Seepz (SEZ), Andheri (East), Mumbai-400 096

Gaurav Doshi

Chairman & Managing Director



DIRECTORS' REPORT

To,
The Members,
Neogem India Limited

The Directors are pleased to present the Nineteenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended **31st March 2010**.

1. FINANCIAL RESULTS:

The financial performance of the Company, for the year ended March 31, 2010 is summarized below:

(Rs.in Lacs)

PARTICULARS	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Sales Income	2,390.40	1,550.47
Other Income	39.54	36.57
Profit before Depreciation	106.35	257.74
Depreciation	(15.47)	(18.80)
Profit for the year	90.88	(276.54)
Provision for Taxation	22.60	(15.32)
Profit after Tax	113.48	(291.86)
Prior Period Adjustments	1.95	0.92
Balance brought forward from P.Y.	65.67	356.61
Balance carried to Balance Sheet	181.10	65.67

2. REVIEW OF OPERATIONS:

An economic recovery was witnessed in the global markets in the second half of F.Y. 2009-10 from the recessionary trends of the previous year. The luxury market segment gained from increased consumer spending which led to increase in sales to Rs.23,90,40,160/- from Rs.15,50,47,370/- registering growth of 54.17%. Initiatives to improve operational efficiencies and synergizing operations led the Company to register a Profit before tax of Rs.90,87,673/- compared to loss in the previous year of Rs.2,76,54,314/-. Despite the global financial turmoil, the turnaround in the Company's performance is a reflection of improved operational efficiencies.

3. DIVIDEND:

In view to conserve resources, your Directors do not recommend any dividend for the financial year ended 2009-10.

4. ALLOTMENT OF EQUITY SHARES PURSUANT TO CONVERSION OF EQUITY SHARE WARRANTS:

The Company in the Board Meetings held on 31st March 2010 and 14th April 2010, converted its 15,65,000 fully convertible Equity Share Warrants of Rs.10/- each in 2 tranches comprising of 3,90,000 & 11,75,000 Equity shares, respectively. Further, during the period under review, the Company has received Rs.85,10,000/- as proceeds of Preferential Issue which have been utilised towards working capital requirement of the Company as on 31st March 2010.

5. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Mr. Ronak Doshi retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Brief resume of the Director proposed to be reappointed, nature of his expertise in specific functional areas, names of the Companies in which he holds directorships and membership/Chairmanship of Committees of the Board and his shareholding in the Company, as stipulated under clause 49 of the Listing Agreement entered into with the Stock Exchanges, are set out in the Notice forming part of the Annual Report.

6. CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the requirements



set out by SEBI. With a view to strengthening the Corporate Governance framework, the Ministry of Corporate Affairs has issued a set of Voluntary Guidelines in December 2009 for adoption by the Companies. Your Company already complies with certain provisions of these Voluntary Guidelines and has initiated appropriate action to comply with other requirements.

The Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement, including the shareholders' information and auditor's certificate on its compliance, forms a part of this Annual Report as **Annexure 1**.

7. AUDITORS REPORT:

With respect to the remark of the Auditors with reference to the non-provision for debts doubtful of recovery of Rs.51.31/- lacs as a result of which profit for the year is overstated and debtors are overstated to that extent, your Directors have to state that the Company has already approached the consumer court for the same and is confident of recovering the outstanding amount, hence no provision has been made.

Further, with respect to the second remark with reference to leave encashment which is provided on the basis of actual calculation rather than actuarial valuation as per AS 15, your Directors have to state that since the Company provides leave encashment benefits to employees on actual basis, there is no outstanding amount and hence no provision has been made for the same.

8. AUDITORS:

The present Statutory Auditors of the Company, M/s Ashok Bairagra & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter as required under section 224(1B) of the Companies Act, 1956 from M/s Ashok Bairagra & Associates, Chartered Accountants, confirming their eligibility and willingness to act as Statutory Auditors, if re-appointed. The members are requested to appoint the Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

9. INSURANCE:

All the assets of the Company wherever necessary and to the extent required have been insured.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to the requirements of section 217(2AA) of the Companies Act 1956, your Directors confirm that:

- a) The Company has followed the applicable accounting standards in the preparation of the Annual Accounts and there has been no material departure.
- b) The Directors had selected the 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 of the Company for the year under review.
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

11. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the financial year under review as stipulated under clause 49 of the Listing Agreement entered with the Stock Exchange is enclosed as a part of this Annual Report as **Annexure 4**.

12. PERSONNEL:

There were no employees employed during the year or part of the year drawing remuneration which falls within the purview of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. Therefore the statement for the same is not attached.

13. FIXED DEPOSITS:

The Company has not accepted any deposit within the purview of section 58A of the Companies Act, 1956 during the year under review.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & INNOVATIONS AND FOREIGN EXCHANGE:

The information as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988 with respect to conservation of energy, technology absorption and foreign exchange earnings is given below:



A. Conservation of Energy:

As the Company is not covered in the list of industries required to furnish information in Form A relating to Conservation of Energy, the same is not required to be given. Though our operations are not energy- intensive, efforts have been made to conserve energy by utilizing energy- efficient equipments.

Your Company firmly believes that our planet is in dire need of energy resources and conservation is the best policy.

B. Technology Absorption, Adaptation and Innovation:

The Company did not have any technical collaboration agreement in force during the year under review and therefore disclosure under Form B is not applicable.

C. Foreign Exchange Earnings and Outgo:

1. The Company is engaged in activates relating to exports and taking measures for increasing exports, developing new export markets for production and formulating export plans.
2. Total foreign exchange used and earned:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Foreign exchange earned on F.O.B. basis	2,273.84	1,178.53
Foreign exchange used	1,903.12	547.46

15. ACKNOWLEDGEMENTS:

The Board of Directors express their deep gratitude for the co-operation and support extended to the Company by its customers, suppliers, Bankers and various Government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and look forward to their continuous co-operation.

By Order of the Board of Directors

Date : 2nd September, 2010

Place: Mumbai

Registered Office:

G-32, Gems & Jewellery Complex III,
Seepz (SEZ), Andheri (East),
Mumbai-400 096

Gaurav Doshi

Chairman & Managing Director



CORPORATE GOVERNANCE REPORT

The detailed Report on Corporate Governance as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

A) MANDATORY REQUIREMENTS:

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company recognizes that good governance practices originate from the philosophy and mindset of the organization. The Company reiterates its commitment to adhere to the highest standards of Corporate Governance which is founded upon a rich legacy of integrity, fairness, transparency, timely disclosures, equity and accountability for the long term enhancement of the shareholders'/stakeholders' value and interest. The Company believes that its actions must result in enhancing corporate performance by maximizing shareholders'/stakeholders' value and also result in motivated work force. We, as a Company, have always focused on good Corporate Governance practices, which is a key driver of sustainable corporate growth and long-term value creation for our shareholders. The Company recognizes that the shareholders are ultimately the people who are catalysts to the economic activities and also the ultimate beneficiaries thereof.

2) BOARD OF DIRECTORS

Composition of the Board:

The strength of the Board of Directors is four out of which two are Independent Directors. The Board comprises of Executive Chairman, one Executive Whole-time Director and two Non-Executive Independent Directors.

Number of meetings held:

During the financial year ending 31/03/2010, eight meetings of the Board of Directors were held on 09/04/2009, 24/04/2009, 30/06/2009, 31/07/2009, 28/08/2009, 30/10/2009, 30/01/2010 and 31/03/2010.

The meetings of the Board of Directors were held at the Registered Office of the Company in Mumbai. The Meetings are scheduled well in advance and the Agenda and notes on Agenda are circulated to the Directors in advance, in the defined format. The Board has access to all information pertaining to the Company and is free to recommend inclusion of any matter in the agenda for discussion.

None of the Directors is a Member of more than 10 Board Committees or a Chairman of more than five such Committees as required under clause 49 of the Listing Agreement. The same is also evidenced from the table given below.

The composition of the Board, attendance at Board Meetings held during the year and the last Annual General Meeting, number of Directorships in other Companies and Memberships in committees across various Companies of which the Director is a Member/ Chairman are given below:

Name of the Director	Category	F.Y. 2009-10 Attendance at		As on the date of this report		
		BM	Last AGM	No. of other Directorships#	Other Committee Positions #	
					Member	Chairman
Mr. Gaurav Doshi	Executive Chairman and Managing Director	8	Yes	1	1	1
Mr. Ronak Doshi	Executive Vice-Chairman and Whole-time Director	8	Yes	Nil	Nil	Nil
Mr. Jayant Nagarkar	Independent and Non-Executive Director	8	No	Nil	Nil	Nil
Mr. Vikas Patel	Independent and Non-Executive Director	8	Yes	Nil	Nil	Nil

For the purpose of considering the number of directorships and committee positions, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956, have been excluded and the committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee have been excluded.

None of the above-referred Independent Directors have any material pecuniary relationship or transaction with the Company, its Promoters or with its Management, which would affect the independence or judgment of the Directors.



The Company has also not entered into any materially significant transactions with its Promoters, Directors or their relatives or with the Management etc. that may have potential conflict with the interest of the Company at large.

Re-appointment of Directors:

Mr. Ronak Doshi, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. His detailed profile forms part of the Notice in this Annual Report.

Responsibilities:

At the Board Meetings of the Company, the Directors are being provided information stipulated in clause 49 of the Listing Agreement. The Board has a formal schedule of matters reserved for its consideration, which includes reviewing performance. The Company has designated the required information system for the purpose.

Role of Independent Directors:

The Independent Directors play an important role in deliberations in the Board Meetings and bring to the Company, their wider experience in the fields of Accountancy, Finance, Management, etc.

3) AUDIT COMMITTEE

The Audit Committee of the Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company.

It is constituted in line with the provisions of the clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. The Audit Committee comprises of three Directors, out of which two are non-executive independent directors. Mr. Vikas Patel, non-executive independent director acts as the Chairman of the Committee, whereas Mr. Jayant Nagarkar, non-executive independent director and Mr. Gaurav Doshi, are the members of the Committee. Mr. Gopal Dhruv, Accounts Manager acts as the secretary of the committee. The members of the Audit Committee possess the necessary financial/ accounting expertise.

The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

Composition, Number of Meetings and Attendance:

During the financial year 2009-10 under review, six Audit Committee Meetings were held on 24/04/2009, 30/06/2009, 31/07/2009, 28/08/2009, 30/10/2009 and 30/01/2010.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Committee Members	Category	Meetings held during the year	Meetings attended
Mr. Vikas Patel	Independent & Chairman	6	6
Mr. Jayant Nagarkar	Independent	6	6
Mr. Gaurav Doshi	Executive	6	6

The terms of reference/ powers of the Audit Committee has been specified by the Board of Directors as under:

Audit Committee shall have the following powers:

- To investigate any activity within its terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

Role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- Recommending to the Board, the appointment, reappointment and if required, the replacement or removal of Statutory Auditors and fixation of audit fees
- Approval of payment to Statutory Auditors for any services rendered by them



- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of section 217(2AA) of the Companies Act, 1956;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of Statutory and Internal Auditors & adequacy of internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading of the department, reporting structure coverage and frequency of internal audit
- Discussion with Internal Auditors of any significant findings and follow up there on
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders and creditors
- Carrying out any other function as is mentioned in terms of reference to the Audit Committee

Information for Review:

- Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as may be defined by the audit committee), submitted by management
- Management letters/ letters of internal control weakness issued by the statutory auditors
- Reviewing periodically the financial results, adequacy of internal audit functions etc.
- Internal audit reports relating to internal control weakness
- Appointment, removal and terms of remuneration of the Chief Internal Auditor

4) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee of the Board looks into the redressal of investors' complaints like non-receipt of Annual Report, transfer of shares, dividend payments, etc. and is vested with the requisite powers and authorities to specifically look into redressal of Shareholders' / Investors' grievances.

Composition, Number of Meetings and Attendance:

During the financial year 2009-10 under review, four Shareholders' / Investors' Grievance Committee Meetings were held on 24/04/2009, 31/07/2009, 30/10/2009 and 30/01/2010.

The composition of the Shareholders' / Investors' Grievance Committee and attendance at its meetings is given hereunder:

Name of Committee Members	Category	Meetings held during the year	Meetings attended
Mr. Vikas Patel	Independent & Chairman	4	4
Mr. Jayant Nagarkar	Independent	4	4

The Company received 1 complaint during the year 2009-10 which was resolved to the satisfaction of the shareholders and no complaints were pending as on 31/03/2010.



5) SHARE TRANSFER COMMITTEE

The Board has delegated the powers of approving the transfer/ transmission of shares to the Share Transfer Committee. The Committee is vested with the requisite powers & authority to specifically look into share transfer, transmission, rematerialization and dematerialization of shares.

Composition, Number of Meetings and Attendance:

During the financial year 2009-10 under review, four Share Transfer Committee Meetings were held on 24/04/2009, 31/07/2009, 30/10/2009 and 30/01/2010. The composition of the Share Transfer Committee and attendance at its meetings is given hereunder:

Name of Committee Members	Category	Meetings held during the year	Meetings attended
Mr. Vikas Patel	Independent & Chairman	4	4
Mr. Jayant Nagarkar	Independent	4	4

6) REMUNERATION COMMITTEE

Composition, Number of Meetings and Attendance:

During the financial year 2009-10 under review, one Remuneration Committee Meeting was held on 28/08/2009. The composition of the Remuneration Committee and attendance at its meeting is given hereunder:

Name of Committee Members	Category	Meetings held during the year	Meetings attended
Mr. Vikas Patel	Independent & Chairman	1	1
Mr. Jayant Nagarkar	Independent	1	1

Details of remuneration paid to the Directors during 2009-10 is given below:

Name of the Directors	Directors' Position	Relationship with other Directors	Salary & allowances (Rs.)	Contribution to P.F. (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)
Mr. Gaurav Doshi	Executive Chairman & Managing Director	Related to Mr. Ronak Doshi	6,34,500	36,000	25,500	Nil
Mr. Ronak Doshi	Vice-Chairman & Whole-time Director	Related to Mr. Gaurav Doshi	6,33,500	36,000	26,500	Nil
Mr. Jayant Nagarkar	Independent and Non-Executive Director	—	Nil	Nil	Nil	Nil
Mr. Vikas Patel	Independent and Non-Executive Director	—	Nil	Nil	Nil	Nil

Non-executive/ Independent Directors do not hold any shares in the Company.

7) GENERAL BODY MEETINGS

Details of the Annual General Meetings of the Company held in the last 3 years:

Financial Year	Date	Time	Venue	No. of Special Resolutions approved at the AGM
2006-2007	28 th September 2007	1:30 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	1
2007-2008	30 th September 2008	1:30 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	2
2008-2009	30 th September 2009	1:00 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	Nil



Special Resolutions passed during the last 3 annual general meetings:

Annual General Meeting held on 28th September 2007:

- 1) To approve the Delisting of the Company's shares from Ahmedabad Stock Exchange Limited and Saurashtra Kutch Stock Exchange Limited.

Annual General Meeting held on 30th September 2008:

- 1) To appoint, pursuant to provisions of section 314(1B), Mr. Mahindra Doshi as the Executive President of the Company for a period of five years.
- 2) To create, offer and allot, on preferential basis 15,65,000 Equity Share Warrants to promoters and independent investor.

During the year ended 31st March 2010, no resolution was passed by the Company's members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

During the financial year 2009-10, the Company was not required to hold any Extra-Ordinary General Meeting.

8) DISCLOSURES

Disclosure by the Management to the Board on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

No transaction of material nature has been entered into by the Company with its promoters, Directors or the Management or relatives, etc. that may have potential conflict with the interest of the Company at large. A suitable disclosure as required by Accounting Standard (AS-18)–Related Party Transactions, has been made in the Notes forming part of the Accounts. The same are also entered in the Register maintained under Section 301 of the Companies Act, 1956.

The Company has complied with the statutory requirements comprised in the Listing Agreements/Regulations/Guidelines/ Rules of the Stock Exchanges/SEBI/other Statutory Authorities.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no instances of penalties, strictures imposed on the Company by stock exchanges, SEBI, or any statutory authority, on any matter related to the capital markets during the last 3 years.

Whistle blower policy and affirmation that no personnel have been denied access to the Audit Committee:

The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49:

The Company has duly complied with the mandatory requirements of clause 49 and as required by clause 49 of the Listing Agreement, the Auditors Certificate on Corporate Governance is given as **Annexure 3**.

Accounting treatment in preparation of financial statements:

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedures.

9) MEANS OF COMMUNICATION

The quarterly/ half-yearly and annual financial results of the Company are sent to the Stock Exchanges where the shares of the Company are listed, immediately after the Board has taken them on record. The same are generally published in the Free Press Journal (English) and Navshakti (Marathi) newspapers. The Company is also providing information relating to the material events from time to time to the investors and to the public at large by faxing the information to the Stock Exchanges as and when happened.

10) GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting:

Day : Thursday

Date : 30th September 2010

Time : 1:30 p.m.

Venue : Hotel Tunga Paradise, M.I.D.C. Andheri (E), Mumbai - 400 093

Neogem India Limited



Financial Year: 1st April 2009 to 31st March 2010

Date of Book Closure: from Thursday, 23rd September 2010 to Thursday, 30th September 2010 (both days inclusive)

Listing of Securities and Stock Code:

Bombay Stock Exchange Limited Code No: 526195

The Company has paid listing fees for the financial year 2009-10 to the above exchange.

Demat ISIN Number for NSDL:

ISIN number issued to equity shares by NSDL is INE552E01014.

The Company has not issued any GDRs or ADRs.

Dividend Payment Date: Not Applicable

Share Transfer System:

The Board of Directors have constituted a Share Transfer Committee to ratify transfer of shares, etc. in physical form and confirmation made to demat requests received by the Company for the said period. The entire process including dispatch of share certificates to the shareholders is completed within the time stipulated as per the listing agreement.

Dematerialization of Shares:

The Company's equity shares are mandated by SEBI for settlement only in dematerialized form by all investors. The Company has signed agreements with National Securities Depository Limited (NSDL) to offer depository services to its shareholders.

Registrar & Share Transfer Agents:

For any assistance regarding share transfers, transmissions, change of address, duplicate/ missing share certificates and other relevant matters, please write to the Registrar and Share Transfer Agents of the Company, at the address given below:

M/s System Support Services

209, Shivai Industrial Estate, Next to Parke-Davis,

Sakinaka, 89, Andheri-Kurla Road,

Andheri (East), Mumbai-400 072.

Tel No.: 2850 0835

Fax No.: 2850 1438

Email id: [sysss72@yahoo.com](mailto:syss72@yahoo.com)

Address for correspondence:

Neogem India Limited

G-32, Gem & Jewellery Complex III,

Seepz (SEZ), Andheri (East), Mumbai-400 096.

Tel. Nos.: 3088 2640/ 41

Fax No.: 2829 1123

Investors can register their complaints/ grievances on the Company's designated Email id:

investors@neogemindia.com

Stock Market Data:

Month/Year	Bombay Stock Exchange Limited (BSE)	
	High (Rs.)	Low (Rs.)
April 2009	-	-
May 2009	8.07	6.27
June 2009	6.03	4.92
July 2009	5.69	5.69
August 2009	-	-
September 2009	-	-
October 2009	-	-
November 2009	5.77	5.25
December 2009	5.25	5.00
January 2010	5.26	4.75
February 2010	8.94	5.52
March 2010	8.44	5.44

“-“ implies that there was no trading during that period in Bombay Stock Exchange



Neogem India Limited

Distribution of Shareholding as on 31st March 2010:

Shareholding	No. of shares	% of shares to Total	No. of shareholders	% of Shareholders to Total
1 - 500	5,69,840	8.50	2,613	78.56
501 - 1000	3,59,020	5.35	393	11.81
1001 - 5000	6,12,110	9.13	235	7.06
5001 - 10000	4,04,800	6.04	54	1.62
10001 – 100000	6,10,190	9.10	23	0.69
100001 & Above	41,49,040	61.88	8	0.26
Shares in Transit	Nil	Nil		
TOTAL	67,05,000	100.00	3,326	100.00

Physical/ Electronic Shareholding Pattern as on 31st March 2010:

Category	No. of Shares	% of Shares to Total	No. of Shareholders	% of Shareholders to Total
C. D. S. L.	0	0	0	0
N. S. D. L.	49,83,640	74.327	876	26.338
Physical	17,21,360	25.673	2,450	73.662
In Transit (Demat)	Nil	Nil		
TOTAL	67,05,000	100.00	3,326	100.00

Shareholding Pattern as on 31st March 2010:

Category	No. of shares	% of shares to Total	No. of Shareholders	% of Shareholders to Total
Promoter Group:				
Indian	31,33,450	46.73	6	0.18
Public Shareholding:				
Mutual Funds	24,300	0.36	1	0.03
Non Institutions:				
Bodies Corporate	5,08,420	7.58	90	2.71
Share Capital <=1,00,000	1,693,040	25.25	3,120	93.81
Share Capital > 1,00,000	1,269,090	18.93	17	0.51
NRI Individuals (Non Rep)	22,600	0.34	5	0.15
NRI (Repatriation)	54,100	0.81	87	2.61
TOTAL	67,05,000	100.00	3,326	100.00

B) NON-MANDATORY REQUIREMENTS:

The Board is taking guidance from the Non-Mandatory requirements as mentioned in Corporate Governance. It is always an endeavor of the Board to implement the suggestions of the non-mandatory requirements.



ANNEXURE 2

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with Clause 49 I(D) of the Listing Agreement with the Stock Exchange, I, Gaurav Doshi, Chairman and Managing Director of Neogem India Limited hereby confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2010.

For Neogem India Limited

Gaurav Doshi

Chairman & Managing Director

Place: Mumbai

Date : 02nd September, 2010

ANNEXURE 3

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the members of Neogem India Limited,

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 the 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

M/S. ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants
(Registration No. 118677W)

ASHISH JALAN

Partner

M.No.125707

Place : Mumbai

Date : 02nd September, 2010



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry Structure & Developments and Outlook

Gems and jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond, platinum accompanied by a variety of precious and semi-precious stones. This industry was hit hard by the lull demand due to global economic slowdown in F.Y. 2008-09 and a similar trend followed through in F.Y. 2009-10.

During the year, prices of precious metals recorded sharp movements in both directions. Consumer confidence indices did show some improvements towards the latter half of the year but did not convert into sales of diamond jewellery in all markets. Despite this, the fact that the diamond industry survived the brunt of economic downturns with minimal bankruptcies is remarkable. Our main market lies in the United States and therefore their economic slowdown and weakening purchasing power of their consumers has affected us to a great extent.

On the downstream side of the pipeline, worldwide diamond jewellery consumer demand fell by less than 10 percent. The decline was not distributed equally. The most severely hit was the U.S.A. with a 16 percent reduction, followed by Europe and Japan with a 10 percent fall. In the Asian and Middle Eastern markets, the decline was modest at around 2 percent. While the U.S.A. accounts for half of global diamond jewellery consumption, its share of diamond content fell below 43 percent. The Middle East, India and Asia now account for 38 percent of diamond consumption – and this figure is growing.

Neogem India Limited is engaged in manufacturing and export of gold studded jewellery. It has a well-equipped manufacturing facility with technically advanced machines to carry out production efficiently. Our skilled workforce is trained to deliver high quality products of international standards. We commit ourselves to offer the best and look forward to developing long-term business relationships.

2) Opportunities & Threats, Risks & Concerns

SWOT Analysis of the Indian Gems & Jewellery Industry

Strengths:

- Availability of abundance of cheap and skilled labour in India
- About one million craftsmen are associated with this industry, their skills can be utilized for designing and making modern jewellery
- Presence of excellent marketing network spread across the world
- Supportive government industrial/ EXIM policy

Weaknesses:

- Low productivity compared to labour in China, Thailand and Sri Lanka
- As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting in high inventory carrying costs

Opportunities:

- Growing demand in South Asian & Far East countries
- Dramatic transformation of the Indian retail sector
- Growing domestic demand

Threats:

- Jewellery being a luxury item, recession is one of the major threats
- Entry of China, Sri Lanka and Thailand in the small diamond segment
- Unusual increase in the price of gold

3) Performance

The management was focussed on optimizing cost efficiencies to enable the business to cope with the economic crisis. This has enabled the Company to export its products in competitive global markets like U.S.A., Hong Kong, Middle East, etc. which contribute a major part of the total exports turnover. The Company's products are well recognized in the International market and the Company has been a landmark in producing a high quality premium range of jewellery.

4) Operations

The Company achieved a sales turnover of Rs.2,390.40 lacs and other receipts of Rs.39.54 lacs aggregating to Rs.2,429.94 lacs. The global meltdown had adversely affected the Company's business in F.Y. 2008-09, however the company has shown better results in F.Y. 2009-10. The Company made a profit after tax of Rs.113.48 lacs as against the loss of Rs. 291.86 lacs for the last year.

5) Internal Controls & their adequacy

The Company has adequate internal control systems commensurate with its size and operations. The scope of internal audit is to ensure the control systems established by the management are correctly implemented and to suggest any additional changes required to strengthen the existing systems. These systems and procedures are reviewed at regular intervals through internal audits, statutory audits and audit committee.

6) Human Resources & Industrial Relations

The Management believes that its employees are valuable resources, who are also important stakeholders in the growth, prosperity and development of the organization. The Company is committed to create an appropriate climate, opportunities and systems to facilitate identification, development and utilization of employees' full potential on a continuous basis. The Company's policy believes that human resource is the basis of all business processes and has taken steps to inculcate and foster innovative and improvement oriented thinking amongst all its employees. Our continued focus on training and development has helped in upgradation of skills and talent of our employees to cope-up the needs of managing the challenge arising out of modernization and introduction of technological changes in our various operations.

Industrial relations of the Company were cordial during the year.



Auditor's Report

To,
The Members of
Neogem India Limited

1. We have audited the attached Balance Sheet of **Neogem India Limited** as at 31st March'2010 the Profit and Loss Account and also the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to (as paragraph 3)above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) **Company has not made provision against doubtful debts amounting to Rs.51,30,836/-. As a result profit for the year is overstated and debtors are overstated to that extent.**
 - (v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **Except leave encashment which is provided on the basis of actual calculation rather than actuarial valuation as per AS15:**
 - (vi) On the basis of the written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vii) **Subject to our remark in para 4(iv) & 4(v) above**, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For ASHOK BAIRAGRA & ASSOCIATES
Chartered Accountants
(Registration No. 118677W)

ASHISH JALAN
Partner
Membership Number: 125707

Place: Mumbai
Date: 30th June, 2010



Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date for the year ended 31st March, 2010)

- (i) (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets. However as explained to us management is in the process of updating records for proper presentation and classification of the fixed assets of the company.
- (b) As per the information and explanations given to us, all the major assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As explained to us, the company has not disposed off any substantial part of fixed assets during the year, so as to affect the going concern.
- (ii) (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (b) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to rate of interest and other terms and conditions of the loan granted is not applicable.
- (c) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to receipt of the principal amount and interest are not applicable.
- (d) There is no overdue amount of unsecured loans given to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company had taken unsecured interest free loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,87,62,000/- and the year-end balance of loans taken from such parties is Rs. 1,85,62,000/-.
- (f) In our opinion, as company had taken interest free unsecured loan hence the question of reporting whether the rate of interest and other terms and conditions of such loans are prejudicial to the interest of the company does not arise.
- (g) Since there is no stipulation as to the time period for the repayment of unsecured loans taken, we are unable to comment on the regularity of the same.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA or any relevant provisions of the Companies Act, 1956 and the Companies (Acceptance and Deposits) Rules, 1975 are not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The company has no formal internal audit system, however the company has build-in internal control system commensurate with the size of the Company and the nature of its business.

Neogem India Limited



- (viii) According to the information given to us, Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in case of the Company.
- (ix) (a) As per information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company have generally been regularly deposited with the appropriate authorities though there has been delays in deposit in a few cases which are not serious.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, Service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except in the case of income tax wherein the following disputes are pending:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	6,10,834/-	A.Y. 1998-99	Deputy Commissioner of Income Tax, Mumbai.
	TOTAL	6,10,834/-		

- (x) The Company does not have accumulated losses at the end of the year; The Company has incurred cash profit during the current financial year. However the company has incurred cash losses of Rs.2,73,06,644/- during the previous F.Y.2008-09.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of dues to the banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Chit fund or a Nidhi/ Mutual benefit fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not raised any term loans during the year. Hence the question of application for the purpose for which they were raised doesn't arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has made preferential allotment of 3,90,000 equity share of Rs.10 each at par to the parties covered in the register maintained u/s 301 of the Company Act 1956. In our opinion the price at which the shares are issued is not prima face prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For ASHOK BAIRAGRA & ASSOCIATES
Chartered Accountants
(Registration No. 118677W)

ASHISH JALAN
Partner
Membership Number: 125707

Place: Mumbai
Date: 30th June, 2010



Neogem India Limited

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	AS AT 31.3.2010		AS AT 31.3.2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
(1) SHAREHOLDERS' FUNDS					
(a) Share Capital	A	67,050,000		63,150,000	
(b) Share Warrants (Refer Note B (1) of Schedule "T")		6,175,000		1,565,000	
(c) Reserves & Surplus	B	21,890,369		10,347,489	
(2) LOAN FUNDS					
(a) Secured Loans	C	92,236,551		96,981,037	
(b) Unsecured Loans	D	18,562,000		17,962,000	
(3) DEFERRED TAX LIABILITY (NET)	E	1,288,740		3,549,109	
TOTAL		207,202,661		193,554,635	
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
Gross Block	F	30,536,517		30,525,267	
Less:- Depreciation		18,901,003		17,354,036	
Net Block		11,635,514		13,171,231	
(2) INVESTMENTS	G	14,040		94,040	
(3) CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	H	40,577,959		54,268,468	
(b) Sundry Debtors	I	350,734,272		201,808,065	
(c) Cash & Bank Balances	J	252,149		1,438,811	
(d) Loans & Advances	K	6,940,118		8,138,882	
		398,504,498		265,654,226	
Less: CURRENT LIABILITIES & PROVISIONS					
(a) Liabilities	L	199,621,391		82,034,862	
(b) Provisions		3,330,000		3,330,000	
		202,951,391		85,364,862	
Net Current Assets		195,553,107		180,289,364	
TOTAL		207,202,661		193,554,635	
NOTES ON ACCOUNTS	T				

As per our report of even date

FOR ASHOK BAIRAGRA & ASSOCIATES
Chartered Accountants
(Registration No. 118677W)

For and on behalf of the Board

ASHISH JALAN
Partner
Membership No. :- 125707

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

Place : Mumbai
Date: 30th June, 2010

Neogem India Limited



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-2010		2008-2009	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			239,040,160		155,047,370
Other Income	M		3,953,746		3,656,704
TOTAL			242,993,906		158,704,074
EXPENSES					
Material Cost	N	195,598,743		105,583,673	
Cost of Sales of Trading Goods	O	7,943,870		15,897,565	
Other Manufacturing Expenses	P	4,810,704		9,764,245	
Personnel Cost	Q	7,554,452		11,843,844	
Administrative & Other Expenses	R	6,869,041		28,648,754	
Interest & Financial Expenses	S	9,582,457		12,740,563	
Depreciation		1,546,967		1,879,744	
			233,906,234		186,358,388
PROFIT BEFORE TAX			9,087,673		(27,654,314)
Provision for Income Tax			-		-
Provision for Fringe Benefit Tax			-		(110,000)
Deferred Tax Liability			(2,260,369)		(1,422,074)
PROFIT AFTER TAX			11,348,042		(29,186,388)
Prior Period Adjustments (Net)			(233,743)		92,387
Income Tax of Earlier Year			38,904		-
Balance Brought Forward from previous year			6,567,489		35,661,490
BALANCE CARRIED TO BALANCE SHEET			18,110,369		6,567,489
AFTER EXTRA ORDINARY ITEMS					
BASIC EARNINGS PER SHARE			1.66		(4.61)
DILUTED EARNINGS PER SHARE			1.41		(3.69)
BEFORE EXTRA ORDINARY ITEMS					
BASIC EARNINGS PER SHARE			1.66		(4.38)
DILUTED EARNINGS PER SHARE			1.41		(3.51)
NOTES ON ACCOUNTS	T				

As per our report of even date

FOR ASHOK BAIRAGRA & ASSOCIATES
Chartered Accountants
(Registration No. 118677W)

For and on behalf of the Board

ASHISH JALAN
Partner
Membership No. :- 125707

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

Place : Mumbai
Date: 30th June, 2010



Neogem India Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 'A' SHARE CAPITAL		
AUTHORISED :		
10000000 Equity Shares of Rs.10/-each	100,000,000	100,000,000
ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :		
67,05,000 (P.Y. 63,15,000) Equity Shares of Rs.10/- each	67,050,000	63,150,000
TOTAL	67,050,000	63,150,000
SCHEDULE 'B' RESERVES & SURPLUS		
1. Share Premium Account		
As per last Balance Sheet	3,780,000	3,780,000
Add:- On further Issue of Capital	-	-
Closing Balance	3,780,000	3,780,000
2. Profit & Loss Account		
	18,110,369	6,567,489
TOTAL	21,890,369	10,347,489
SCHEDULE 'C' SECURED LOANS		
1. Working Capital Loan from Banks		
(The Working Capital Loan is secured by hypothecation of stock of Raw Material & Finished Goods, Export Documentary Bills, Fixed Assets, Residential Flat of One Director & Two Shareholders as well as Personal Guarantee of Two Directors and Three Shareholders)	92,062,911	96,569,177
2. Vehicle Loan (Secured against hypothecation of Vehicle)		
(Repayable within One Year Rs.1,73,641 /-, P. Y. Rs.2,38,219/-)	173,641	411,860
TOTAL	92,236,551	96,981,037
SCHEDULE 'D' UNSECURED LOANS		
Inter Company Deposits	8,500,000	8,000,000
From Directors	10,062,000	9,962,000
TOTAL	18,562,000	17,962,000

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 'F' - FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2009	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.3.2010	PROVISION UP TO 31.3.2009	DEDUCTION ON SALE OF ASSETS	PROVISION FOR THE YEAR	TOTAL DEP. 31-3-2010	AS AT 31-3-2010	AS AT 31-3-2009
LAND	440,029	-	-	440,029	-	-	-	-	440,029	440,029
STAFF QUARTERS	405,000	-	-	405,000	112,631	-	6,602	119,233	285,767	292,369
PLANT & MACHINERY	13,252,697	11,250	-	13,263,947	5,474,293	-	618,711	6,093,004	7,170,943	7,778,404
ELECTRICAL FITTINGS	941,409	-	-	941,409	611,338	-	43,169	654,507	286,902	330,071
INTERIOR WORKS	5,860,075	-	-	5,860,075	5,598,397	-	41,202	5,639,599	220,476	261,678
UTILITIES	273,030	-	-	273,030	196,399	-	12,969	209,368	63,662	76,631
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	1,790,923	-	194,403	1,985,326	1,094,900	1,289,302
FACTORY EQUIPMENTS	65,934	-	-	65,934	7,117	-	3,132	10,249	55,685	58,817
OFFICE EQUIPMENTS	694,657	-	-	694,657	411,894	-	49,112	461,006	233,651	282,764
AIR CONDITIONERS	1,313,976	-	-	1,313,976	915,075	-	62,414	977,489	336,487	398,901
COMPUTERS	1,827,253	-	-	1,827,253	1,045,597	-	290,009	1,335,606	491,647	781,656
MOTOR BIKE	41,894	-	-	41,894	15,255	-	3,980	19,235	22,659	26,639
MOTOR CAR	2,329,086	-	-	2,329,086	1,175,116	-	221,264	1,396,380	932,706	1,153,970
TOTAL	30,525,267	11,250	-	30,536,517	17,354,036	-	1,546,967	18,901,003	11,635,514	13,171,231
PREVIOUS YEAR	29,644,820	880,447	-	30,525,267	15,474,292	-	1,879,744	17,354,036	13,171,231	-

Neogen India Limited



Neogem India Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 'G' INVESTMENTS		
UNQUOTED		
In Mutual Funds (Current Investment)		
Principal PNB Long Term Equity Fund 3 Year Plan - Series I (Current Year Qty. 0 Units, P.Y.8000 Units of Rs.10/- each)	-	80,000
In 100% Subsidiary Investment (Long Term Investment)		
Neogem (Aus) Pty Ltd.	-	5,017
Less : Provision	-	(5,017)
	<u>-</u>	<u>80,000</u>
QUOTED		
In Shares (Current Investment)		
Shares of Punjab National Bank (Equity Shares 36 of Rs. 10/- each)	14,040	14,040
	<u>14,040</u>	<u>94,040</u>
TOTAL	14,040	94,040
Book Value of Quoted Investment	14,040	14,040
Market Value of Quoted Investment	36,484	14,792
SCHEDULE 'H' INVENTORIES		
(As taken, valued & certified by the Management)		
1. Raw Materials	37,740,851	41,061,682
2. Finished Goods	1,194,033	2,142,671
3. Work In Progress	124,114	9,365,041
4. Masters & Moulds	777,757	886,560
5. Stores, Spares & Tools	660,887	116,703
6. Trading Goods	80,316	695,811
	<u>37,740,851</u>	<u>41,061,682</u>
TOTAL	40,577,959	54,268,468
SCHEDULE 'I' SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for the period exceeding six months	108,955,849	129,481,148
Others	241,778,423	72,326,917
	<u>108,955,849</u>	<u>129,481,148</u>
TOTAL	350,734,272	201,808,065
According to security & realisibility		
1. Debts considered good and in respect of which company is fully secured	-	-
2. Debts considered good for which the company holds no security other than the Debtors personal security	350,734,272	201,808,065
3. Debts considered doubtful or bad	-	-
Debts due from person connected with management		
1. Debts due by director or other officers of the company or any of them either severally or jointly with any other person	-	-
2. Debts due by firms in which any director is a partner	-	-
3. Debts due by private companies in which any director is a director	4,472,419	5,048,067
4. Debts due from other companies under the same management	-	-



SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
SCHEDULE 'J' CASH & BANK BALANCES		
1. Cash on hand	27,014	514,982
2. Bank Balances		
With scheduled banks		
- In current A/c	198,347	321,118
- In Fixed Deposits	26,788	602,711
TOTAL	252,149	1,438,811
SCHEDULE 'K' LOANS & ADVANCES		
Advances considered good & recoverable in cash or in kind or for value to be received.		
1. Security deposit	481,903	692,383
2. Advance Tax, T.D.S & F.B.T	4,490,260	4,366,871
3. VAT Refund Receivable	494,483	266,258
4. Other Advances	1,473,472	2,813,370
TOTAL	6,940,118	8,138,882
SCHEDULE 'L' CURRENT LIABILITIES & PROVISIONS		
Liabilities :		
1. Trade Creditors	192,870,433	76,001,872
2. Creditors For Expenses	2,755,909	1,793,409
3. Advance from Debtor	3,690,183	3,706,546
4. Credit Balance in Current Accounts with Banks	304,867	533,035
TOTAL	199,621,391	82,034,862
Provisions :		
Provision for Income Tax	3,330,000	3,330,000



Neogem India Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

	2009-2010 Rs.	2008-2009 Rs.
SCHEDULE 'M' OTHER INCOME		
Interest on F.D. with Bank (including TDS Rs.6,458/- P.Y. Rs.3,12,455/-)	32,192	1,397,753
Interest on Security Deposit	6,190	10,529
Insurance Claim	-	2,062,854
Foreign Exchange Gain (Net)	3,914,284	-
Miscellaneous Income	1,080	185,568
TOTAL	3,953,746	3,656,704
SCHEDULE 'N' MATERIAL COST & INVENTORY ADJUSTMENT		
Opening Stock	41,061,682	92,949,099
Add : Purchases	182,088,347	54,621,523
Less: Closing Stock	37,740,851	41,061,682
CONSUMPTION OF RAW MATERIAL	185,409,178	106,508,939
<u>Opening Stock</u>		
Finished Goods	2,142,671	7,436,195
Work In Progress	9,365,041	3,146,251
Total	11,507,712	10,582,446
<u>Closing Stock</u>		
Finished Goods	1,194,033	2,142,671
Work In Progress	124,114	9,365,041
Total	1,318,147	11,507,712
(Increase) / Decrease in Stock of Finished & Semi Finished Goods	10,189,565	(925,266)
TOTAL	195,598,743	105,583,673
SCHEDULE 'O' COST OF SALE OF TRADING GOODS		
Opening Stock	695,811	12,550,904
Add : Purchases	7,328,374	4,042,473
Less: Closing Stock	80,316	695,811
TOTAL	7,943,870	15,897,565
SCHEDULE 'P' OTHER MANUFACTURING EXPENSES		
Electricity Charges	1,269,974	1,183,976
Export Freight & Clearing	451,331	448,815
Factory Expenses	73,082	402,557
Job Work & Labour Charges	2,422,552	5,048,171
Master & Mould Consumed	210,624	287,219
Packing Material	17,220	32,132
Stores, Spares & Consumable Consumed	248,968	2,185,239
Transport & Handling charges	24,440	44,463
Water Charges	92,512	131,674
TOTAL	4,810,704	9,764,245



SCHEDULES FORMING PART OF THE ACCOUNTS

	2009-2010 Rs.	2008-2009 Rs.
SCHEDULE 'Q' PERSONNEL COST		
Bonus	102,880	461,386
Contribution towards P.F, E.S.I.C. & L.W.F	179,841	331,033
Remuneration to Directors	1,392,000	2,625,703
Staff Welfare Expenses	221,530	283,960
Salary, Wages & Allowances	5,658,201	8,141,762
TOTAL	7,554,452	11,843,844
SCHEDULE 'R' ADMINISTRATIVE & OTHER EXPENSES		
Auditors Remuneration	60,000	197,000
Annual General Meeting Expenses	9,862	10,294
Advertising & Publicity	38,523	43,218
Bank Charges	663,885	1,000,867
Buyers Credit Report Expenses	37,688	42,920
Bad Debts Written Off	-	2,617,274
Car Expenses	207,911	285,015
Conveyance Expenses	94,548	148,910
Custom Duty	12,633	-
Custodian Charges	41,225	92,060
Computer Expenses	17,560	117,228
Discount Allowed	14,527	10,403
Insurance Premium	1,995,804	1,736,375
Inspection Charges	3,200	5,785
Jewellery Testing Charges	4,500	-
Licensing Charges	28,385	2,288
Legal & Professional Charges	561,830	1,086,530
Listing Fees	18,490	15,000
Loss on Foreign Exchange	-	15,209,057
Loss on Forward Contract	162,120	652,085
Loss on Subsidiary Companies	-	1,424,903
Loss on Sale of Investment	3,680	-
Membership & Subscription	115,470	125,270
Office General Expenses	14,422	67,076
Printing & Stationery	116,302	205,652
Postage & Telephone Expenses	329,613	422,159
Repairs & Maintainance (Plant & Machinery)	117,296	706,194
Repairs & Maintainance (Others)	199,907	594,832
Rent, Rates & Taxes	876,566	1,133,264
Sales Promotion Expenses	724,174	272,784
Software Purchase Charges	20,000	7,288
Security Charges	278,907	279,890
Travelling Expenses	100,015	137,133
TOTAL	6,869,041	28,648,754
SCHEDULE 'S' INTEREST & FINANCIAL EXPENSES		
Interest on Fixed Loans	-	60,793
Interest on Working Capital Loan	9,582,457	12,679,770
TOTAL	9,582,457	12,740,563



SCHEDULE “T” SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1) BASIS OF ACCOUNTING :

The Accounts of the Company are prepared under the historical cost convention using the Accrual method of Accounting.

2) REVENUE RECOGNITION:

The Company recognises Revenue on Despatch of goods. In the case of job work, the revenue is recognised upon completion of the job and despatch of goods.

3) USE OF ESTIMATES :

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which such revisions are made.

4) FIXED ASSETS:

Fixed Assets are stated at their original cost including incidental expenses related to acquisition and installation less accumulated depreciation.

5) DEPRECIATION:

The Company has been providing depreciation on Straight Line Basis and in accordance with the rates specified in Schedule XIV of The Companies Act, 1956.

6) INVENTORIES:

Inventories are valued as under:

- a) Raw Material is valued at Cost on FIFO Basis or Market Value which ever is lower.
- b) WIP Stock is valued at cost on FIFO basis.
- c) Finished Goods is valued at cost on FIFO basis or net realisable value which ever is lower.
- d) Diamond included in the above stock is valued at specific identification method on FIFO basis.

7) FOREIGN EXCHANGE TRANSACTIONS :

- a) Monetary items denominated in foreign currencies at the year end are restated at the rate of exchange ruling at the Balance Sheet Date.
- b) Transactions arising in foreign currency during the year are converted at rate closely approximating those ruling on the transaction date. Exchange difference due on actual realisation or actual payment are taken to revenue or are capitalised as the case may be.

8) RETIREMENT BENEFITS :

Gratuity

In respect of Gratuity, the provision is made on Accrual Basis as per actuarial valuation at the year end.

Leave Encashment

Provision is made for Leave Encashment liability on the basis of Actual Calculation.

Provident Fund & Family Pension

Contribution to Provident Fund & Family Pension Fund are provided for & payments in respect thereof are made to the relevant authorities on actual basis.

9) COMMODITY HEDGING TRANSACTIONS:

Financial Derivatives and commodity hedging contracts are accounted on the date of their settlement and realised gain loss in respect of settled contracts are recognised in the Profit and Loss Account, along with the underlying transactions.

10) IMPAIRMENT OF ASSETS :

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

11) PROVISION FOR CURRENT & DEFERRED TAX

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961

Deferred Tax resulting from “Timing Difference” between Book and Taxable Profit is accounted for using the tax rates &



laws that have been enacted or substantively enacted on the Balance Sheet date. The Deferred Tax Asste is recognised and carried forward only to the extent that there is a virtual certainty supported by convincing evidence that the asset will be realised in future.

Net outstanding balance in Deffered Tax account is recognised as Deffered Tax Laibility/Asset The Deffered Tax account is used solely for reversing timing difference as and when crystalized.

12) CASH FLOW STATEMENT :

The Cash flow Statement is being prepared in accordance with the format prescribed in Accounting Stanadard-3 prescribed by the Institute of Chartered Accountants of India.

13) PRIOR PERIOD ITEMS :

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Income / Expense of earlier years Account"

14) RELATED PARTY TRANSACTIONS :

Disclosure of transactions with Related Parties, as required by Accounting Standard 18 "Related Party Disclosures" has been set out in a separate note forming part of this Schedule. Related parties as defined under clause 3 of the Accounting Standard 18 have been identified on the basis of representations made by key managerial personnel and information available with the Company.

15) EARNING PER SHARE :

The Company reports basic and diluted earnings per share (EPS) in accordance with the Accounting Standard 20 issued by The Institute of Chartered Accountants of India. The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of equity shares outstanding during the accounting year The Diluted EPS has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

16) DOUBTFUL DEBTS/ADVANCES / DEPOSITS/ INVESTMENT :

Provision is made in the accounts for Debts / Advances / Deposits / Investment which in the opinion of the management are considered doubtful of recovery.

17) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

18) INVESTMENT

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

B. NOTES ON ACCOUNTS

1) During the finacial year 2008-09 the company had issued 15,65,000 preferential share warrant which were to be converted into 15,65,000 Equity shares of Rs. 10 each at par on or before 14th April, 2010. Out of which 3,90,000 preferential share warrant converted into 3,90,000 equity shares on 31st March, 2010. (P.Y 2008-09 - NIL)

2) DIRECTORS' REMMUNERATION

Amount in Rs.

PARTICULARS	2009-10		2008-09	
	Managing Director	Whole Time Directors	Managing Director	Whole Time Directors
SALARY	634,500	633,500	865,000	1,689,000
CONTRIBUTION TO PROVIDENT FUND	36,000	36,000	30,000	36,000
PERQUISITES	25,500	26,500	-	5,703
	696,000	696,000	895,000	1,730,703

SITTING FEES TO OTHER DIRECTORS

RS. NIL

RS. NIL



Neogem India Limited

- 3) In the absence of the information available with the company the amounts due to the the suppliers who are registered under Micro, Small & Medium Enterprises Development Act, 2006 have not been given. No claim has been received from any such industrial undertaking upto the date of the Balance Sheet.
- 4) Balances with Sundry Creditors, Debtors, Loans and Advances and Deposits are subject to confirmation & reconciliation.
- 5) Debtors includes Rs. 51,30,836/- due from a Customer after deducting insurance claim & who has filled a volutary petition under Chapter 11 of title 11 of the United States Code ("Bankruptcy Code" in the United State Bankruptcy Court. The Company has not made provision for this Debts since in the opinion of management insurance company has wrongly calculated claim.
- 6) **Computation of Net Profit in accordance with Section 198 read with Section 309 (5) of the Companies Act, 1956. :-**

Particulars	2009-2010		2008-2009	
Profit Before Tax		9,087,673		(27,654,314)
Add :-				
Remuneration to Directors	1,392,000		2,625,703	
Directors' Sitting Fees	-		-	
less:-		1,392,000		2,625,703
Profit on sale of Assets & Investments	-		-	
		-		-
Net Profit/(Loss) for the Year		10,479,673		(25,028,611)

7) **Auditors' Remuneration**

Particulars	2009-2010	2008-2009
Audit Fees	50,000	110,000
Tax Audit Fees	25,000	20,000
VATAudit Fees	10,000	30,000
Certification Fees	-	27,000
Other Advisory Fees	-	10,000

8) **(a) LICENSED CAPACITY, INSTALLED CAPACITY AND PRODUCTION**

PRODUCT UNIT	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
	CURRENT YEAR	PREV. YEAR	CURRENT YEAR	PREV. YEAR	CURRENT YEAR	PREV. YEAR
1.POLISHED DIAMONDS (IN CARATS)	License is not required hence Not Applicable		Not Ascertainable	Not Ascertainable	0	31,033
2.STUDDED JEWELLERY (IN GRAMS)	License is not required hence Not Applicable		Not Ascertainable	Not Ascertainable	24,732	111,885



(b) DETAILS OF OPENING AND CLOSING STOCK OF FINISHED GOODS AND TURNOVER
CURRENT YEAR (PREVIOUS YEAR)

PRODUCT UNIT	OPENING STOCK		CLOSING STOCK		TURNOVER	
	QTY.	VALUE Rs.	QTY.	VALUE Rs.	QTY.	VALUE Rs.
1. STUDDED JEWELLERY (In Grams)	4,335 (1,650)	2,142,671 (7,436,195)	3,025 (4,335)	1,194,033 (2,142,671)	26,043 (109,200)	229,537,707 (104,757,075)
2. POLISHED DIAMOND (In Carats)	7,319 (0)	9,224,534 (0)	7,319 (7,319)	9,224,534 (9,224,534)	0 (23,714)	0 (34,392,730)
3. TRADING GOODS (In Carats)	819 (0)	695,811 (0)	142 (819)	80,316 (695,811)	12,731 (20,608)	9,502,453 (15,897,565)
TOTAL		12,063,016 (7,436,195)		10,498,883 (12,063,016)		239,040,160 (155,047,370)

(c) RAW MATERIAL CONSUMED

PRODUCT	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.
1. DIAMONDS	IN CARATS				
A) Polished Diamonds		5,432	156,564,404	31,579	66,370,979
B) Rough Diamonds		-	-	-	-
2. GOLD	IN GRAMS	20,265	28,445,516	30,787	38,844,181
3. OTHERS			399,258		1,293,779
			185,409,178		106,508,939

9 CONSUMPTION OF RAW MATERIALS

PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
	Rs.	%	Rs.	%
1. RAW MATERAILS				
IMPORTED	185,409,178	100.00	106,508,939	100.00
INDIGENOUS	-	-	-	-
	185,409,178	100.00	106,508,939	100.00



Neogem India Limited

10) VALUE OF IMPORT ON CIF BASIS

	CURRENT YEAR AS AT 31.03.2010	PREVIOUS YEAR AS AT 31.03.2009
	Rs.	Rs.
RAW MATERIALS	54,898,989	54,746,041
FINISHED GOODS	134,433,033	4,042,473
STORES & SPARES	979,674	2,289,918

11) EXPENDITURE IN FOREIGN CURRENCY

TRAVELLING EXPENSES	91,137	72,965
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12) WORKING OF EARNING PER SHARE

AFTER EXTRA ORDINARY ITEMS

PROFIT AFTER TAX	11,114,299	(29,094,001)
BASIC NO OF EQUITY SHARES OF FACE VALUE RS.10/- EACH	6,705,000	6,315,000
EPS BASIC Rs.	1.66	(4.61)
DILUTED NO OF EQUITY SHARES OF FACE VALUE RS.10/- EACH	7,880,000	7,880,000
EPS DILUTED Rs.	1.41	(3.69)

BEFORE EXTRA ORDINARY ITEMS

PROFIT AFTER TAX	11,114,299	(27,669,098)
BASIC NO OF EQUITY SHARES OF FACE VALUE RS.10/- EACH	6,705,000	6,315,000
EPS BASIC Rs.	1.66	(4.38)
DILUTED NO OF EQUITY SHARES OF FACE VALUE RS.10/- EACH	7,880,000	7,880,000
EPS DILUTED Rs.	1.41	(3.51)

13) EARNING IN FOREIGN EXCHANGE

EXPORT OF GOODS- CALCULATED ON FOB BASIS	227,383,894	117,852,926
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14) RELATED PARTY DESCLOSURES :

The Disclosure required under Accounting Standard 18 in respect of Related Parties are given below :-

NAME OF RELATED PARTIES

Associates	Key Management Personnel	Relative of Key Managerial Personnel
Kamya Impex Pvt. Ltd.	Gaurav Doshi	Mahindra B. Doshi
Empress Jewelry Pvt. Ltd.	Ronak Doshi	



RELATED PARTY TRANSACTIONS

Sr. No.	Nature of Transaction	2009-10 (2008-09)			
		Subsidiary Company	Associates	Key Management Personnel	Relative of Key Mgmt. Personnel
	Transactions during the year				
1	Receipt against sale of Goods (Previous Year)	-	-	-	-
2	Remuneration (Previous Year)	-	-	1,392,000 (2,625,703)	120,000 -
3	Professional Fees (Previous Year)	-	-	-	- (450,000)
	Balances at the year end:				
1	Receivables (Previous Year)	-	4,472,419 (5,048,067)	-	-
2	Advances (Previous Year)	-	-	-	-
3	Investment (Previous Year)	(5,017)	-	-	-
4	Unsecured Loans (Previous Year)	-	-	10,062,000 (9,962,000)	-

Note:

15) SEGMENT REPORTING

Since Company is Only dealing in One Type of Product i.e. Studded Jewellery hence Segment Reporting is not Applicable.

16) DEFERRED TAX LIABILITIES/ASSETS

As required by Accounting Standard 22 on "Accounting for Taxes on Income." Deffered Tax is comprising of the following items:

PARTICULARS	As on 31.03.2010	As on 31.03.2009
DEFERRED TAX LIABILITIES		
Related to Fixed Assets	1288740	3549109
NET DEFERRED TAX (ASSET)/LIABILITY	1,288,740	3,549,109

As at 31st March,2010 the Company has C/f losses of Rs.1,60,28,665/-. However due to lack of of virtual Certainty & convention evidence of earing profit in the coming year the company has not recognised Deffered Tax Assets on amount of loss, which is in line with Accounting Standard 22 dealing with "Accounting for Taxes on Income"

17) CONTINGENT LIABILITIES :

Claims against the Company not acknowledged as debts : Rs. Nil (Previous Year : Rs. Nil)

Income Tax demand disputed by the Company of Rs.6,10,834/- for A.Y. 1998-99 appeal file by the company during the F.Y.2001-02.



18) Disclosure as per AS- 15 (Revised)

Particular	As on 31.3.2010	As on 31.3.2009
a. <u>Assumptions</u>		
Discount Rate	8%	8%
Salary Escalation	5%	5%
b. <u>Table Showing changes in present value of obligations</u>		
Present value of obligations as at the beginning of the year	250471	250589
Interest Cost	20038	20047
Current Service cost	53667	53667
Benefits paid	(267,474)	(121,922)
Actuarial (Gain)/Loss on obligation	73488	48090
Present value of obligations as at the end of the year	130190	250471
c. <u>Table Showing Changes in the fair value of plan assets</u>		
Present value of plan assets as at the beginning of the year	339557	364,862
Expected return on plan assets	20651	27128
Contributions	0	69489
Benefits paid	(267,474)	(121,922)
Actuarial Gain/(Loss) on obligation	NIL	NIL
Present value of plan assets as at the end of the year	92734	339557
d. <u>Table Showing fair value of plan assets</u>		
Present value of plan assets as at the beginning of the year	339557	364,862
Actual return on plan assets	20651	27128
Contributions	0	69489
Benefits paid	(267,474)	(121,922)
Present value of plan assets as at the end of the year	92734	339557
Funded Status	(37,456)	89,086
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return=Estimated rate of return as ARD falls on 31st March)		
e. <u>Actuarial Gain/Loss recognised</u>		
Actuarial (Gain)/Loss for the year- obligations	(73,488)	(48090)
Actuarial (Gain)/Loss for the year- plan assets	NIL	NIL
Total Actuarial (Gain)/Loss for the year	73488	48090
Actuarial (Gain)/Loss recognised for the year	73488	48090
f. <u>Amounts to be recognised in Balance Sheet and Profit & Loss Account</u>		
Present Value of obligations as at the end of the year	130190	250471
Fair Value of plan assets as at the end of the year	92734	339557
Funded Status	(37,456)	89086
Net Asset/(liability) recognised in Balance Sheet	37,456	(89,086)
g. <u>Expenses recognised in statement of profit & loss Account</u>		
Current Service cost	53667	53667
Interest Cost	20038	20047
Expected return on plan assets	(20651)	(27,128)
Net Actuarial (Gain)/Loss recognised for the year	73488	48090
Expenses recognised in statement of profit & loss Account	126542	94676
(Company has debited in Profit & Loss Account Rs. 406528/- Since additional Gratuity paid by the Company voluntarily.)		

Neogem India Limited



19) PRIOR PERIOD ITEMS

Particulars	2009-10	2008-09
1 Income	237,116	1535186
2 Expenses	(3,373)	(907,383)
	<hr/>	<hr/>
	233,743	627,803
3 Excess Provision for tax - net of interest received / (short) provision for income tax including interest & TDS	(38,904)	(535,416)
	<hr/>	<hr/>
Total	194,839	92,387
	<hr/> <hr/>	<hr/> <hr/>

20) DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENT:

Loans & Advances given to Subsidiary Company

Name of Subsidiary: N.A

Particulars	2009-10	2008-09
Outstanding balance at the end of the year	-	5,017
Maximum balance outstanding during the year	5,017	1,419,885

21) In view of b/f loss, Provision for Income Tax is not made in the current year.

22) Previous year's figures have been recast and regrouped wherever necessary.



Neogem India Limited

26) ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI OF THE COMPANIES ACT 1956

BALANCE SHEET ABSTRACT AND COMPANYS' GENERAL BUSINESS PROFILE

i. Registration Detail

Registration No. State Code
 Balance Sheet Date

ii. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue Right Issue
 Bonus Issue Private Placements
 (Preferential Allotment)

iii. Positions of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid - Up Capital Reserves & Surplus
 Share Application Money Deffered Tax Liabilities
 (Warrants)
 Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments
 Net Current Assets Miscellaneous Expenditure
 Accumulated Loss Deffered Tax Assets

iv. Performance of Company (Rs. In Thousands)

Turnover Total Expenditure
 Profit/ (Loss) Before Tax Profit/ (Loss) After Tax
 Earning Per Share (Basic) (Rs.) Dividend Rate %
 Earning Per Share (Dialuted) (Rs.)

v. Generic Names of Three Principal Products/Service of Company (As per monetary terms)

Item Code No.
 Product Description

Signatures to Schedule 'A' to 'T'

As per our report of even date

FOR ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants
(Registration No. 118677W)

ASHISH JALAN

Partner
Membership No. :- 125707

Place : Mumbai
Date: 30th June, 2010

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For and on behalf of the Board

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

PARTICULARS	CURRENT YEAR AS AT 31/03/2010	PREVIOUS YEAR AS AT 31/03/2009
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extra - ordinary items	9,087,673	(27,654,314)
Adjustment for		
Depreciation	1,546,967	1,879,744
Provision for loss on investment	-	5,017
(Profit) / loss on sale of investment	-	-
Interest Expenses	9,582,457	12,740,563
Deffered Revenue expenses w/off	-	-
Goodwill w/off	-	-
Prior Period Expenses	194,839	627,803
Insurance Claim Received	-	(2,062,854)
Interest Income	(32,192)	(1,397,753)
Dividend Income	-	-
	11,292,071	11,792,520
Operating Profit before working capital changes	20,379,744	(15,861,794)
Adjustment for Working Capital :		
(Increase) / Decrease in current asset :		
(Increase)/ Decrease in Debtors	(148,926,207)	19,883,714
(Increase)/ Decrease in Inventories	13,690,509	62,875,264
(Increase)/ Decrease in Loans & advances	1,322,153	7,552,927
	(133,913,545)	90,311,905
Increase/ (Decrease) in current liability :		
Increase/ (Decrease) in Creditors for goods	116,868,561	(31,858,066)
Increase/ (Decrease) in Creditors for expenses	962,500	(1,256,173)
Increase/ (Decrease) in other liabilities	(244,532)	3,139,602
	117,586,529	(29,974,637)
Cash generated from operations	4,052,728	44,475,474
Less : Income Tax & FBT paid	(123,389)	(455,827)
Insurance Claim Received	0	2,062,854
NET CASH FLOW FROM OPERATING ACTIVITIES	3,929,339	46,082,501
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(11,250)	(880,447)
Interest Received	32,192	1,397,753
Purchase of Investment	-	-
Sale Proceeds on sale of Investment	80,000	-
NET CASH FLOW FROM INVESTING ACTIVITIES	100,942	517,306
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest on borrowings	(9,582,457)	(12,740,563)
Proceeds from Borrowings	(4,144,486)	(65,199,674)
Proceeds from share capital & share warrants	8,510,000	1,565,000
NET CASH FLOW FROM FINANCING ACTIVITIES	(5,216,943)	(76,375,237)
NET CHANGES IN CASH & CASH EQUIVALENTS	(1,186,662)	(29,775,429)
CASH & CASH EQUIVALENTS OPENING BALANCE	1,438,811	31,214,241
CASH & CASH EQUIVALENTS CLOSING BALANCE	252,149	1,438,811

As per our report of even date

FOR ASHOK BAIRAGRA & ASSOCIATES
Chartered Accountants
(Registration No. 118677W)

For and on behalf of the Board

ASHISH JALAN
Partner
Membership No. :- 125707

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

Place : Mumbai
Date: 30th June, 2010

NEOGEM INDIA LIMITED**ATTENDANCE SLIP***Regd. Office:*G-32, Gem & Jewellery Complex No.III,
2nd floor, Seepz, Andheri (East),
Mumbai - 400 096

PLEASE COMPLETE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record my presence at the **NINETEENTH ANNUAL GENERAL MEETING** on Thursday, the 30th September 2010, at 1.30 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (E), Mumbai - 400 093.

NAME OF THE SHAREHOLDER / PROXY
SIGNATURE OF THE SHAREHOLDER / PROXY

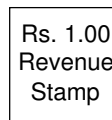
Ledger Folio No.....No. of Shares held.....Client ID DP ID.....

NEOGEM INDIA LIMITED**PROXY FORM***Regd. Office:*G-32, Gem & Jewellery Complex No.III,
2nd floor, Seepz, Andheri (East), Mumbai - 400 096

Ledger Folio No.....No. of Shares held.....Client ID DP ID.....

I/Weof
.....being the member / members of **Neogem India Limited**
hereby appoint.....of.....
or failing him.....of.....as my/our Proxy to attend and vote for me/us and on my/our behalf at the **NINETEENTH ANNUAL GENERAL MEETING** on Thursday, the 30th September 2010, at 1.30 p.m. Hotel Tunga Paradise , M.I.D.C. Central Road, Andheri (E), Mumbai - 400 093 and at any adjournment thereof.

Signed this day of, 2010.



Signed by the said

Note: The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Book Post

if undelivered please return to :

Neogem India Limited

G/32, G & J Complex III,
Seepz (SEZ), Andheri (E),
Mumbai - 400 096.

Contact Person :

Mr. Sanjay Boradia

Tel. : 91-22-3088 2640.

CRYSTAL (022) - 6614 0900
cif_mum@crystalforms.com