



**NEOGEM INDIA LIMITED**

*Always Innovative*

**ANNUAL REPORT 2013- 2014**



## BOARD OF DIRECTORS

- Mr. Gaurav Doshi (DIN-00166703)** - *Chairman & Managing Director*  
**Mr. Ronak Doshi (DIN: 00102959)** - *Whole Time Director & CFO*  
**Mr. Vikas Patel (DIN 00131285)** - *Non-Executive Independent Director*  
**Mr. Jayant Nagarkar (DIN 00131405)** - *Non-Executive Independent Director*

## AUDITORS

**M/s. Ashok Bairagra & Associates**  
Chartered Accountants  
Mumbai

## BANKERS

Punjab National Bank  
Bank of India

## 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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## NOTICE

NOTICE is hereby given that the Twenty-third Annual General Meeting of the Members of **Neogem India Limited** will be held on Tuesday, 30<sup>th</sup> September 2014 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 31<sup>st</sup> March 2014, Profit and Loss Account (Statement of Profit and Loss) for the year ended on that date and the Schedules together with the Reports of the Directors and Auditor thereon.
2. To appoint a Director in place of Mr. Ronak Doshi (DIN: 00102959) who retires by rotation under the applicable provisions of the Companies Act, 2013 and being eligible, offered himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 139(1) of the Companies Act, 2013, M/s. Ashok Bairagra & Associates, Chartered Accountants, Mumbai (Registration No. 118677W) be and are hereby appointed as Statutory Auditors of the Company to hold office for the period of 3 (three) years from the conclusion of this Annual General Meeting until the conclusion of the 4<sup>th</sup> Annual General Meeting, to examine and audit the accounts of the Company for the financial year 2014-15, 2015-16 and 2016-17, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of out of pocket expenses and applicable taxes."

**FURTHER RESOLVED THAT** the appointment of M/s. Ashok Bairagra & Associates, Chartered Accountants, Mumbai (Registration No. 118677W) for the period of 3 (three) years made at the ensuing Annual General Meeting shall be subject to ratification at both the subsequent Annual General Meetings."

### SPECIAL BUSINESS:

4. **Appointment of Mr. Vikas Patel (DIN 00131285) as an Independent Director of the Company:**

To consider and if thought fit, to pass, with or without modification, the following as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Vikas Patel (DIN 00131285), Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Vikas Patel (DIN 00131285) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years."

5. **Appointment of Mr. Jayant B. Nagarkar (DIN 00131405) as an Independent Director of the Company:**

To consider and if thought fit, to pass, with or without modification, the following as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provision of section 149, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, Mr. Jayant B. Nagarkar (DIN 00131405), Director of the Company whose period of office is liable to determination by retirement by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Jayant B. Nagarkar (DIN 00131405) as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for five consecutive years."

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN-00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

### Registered Office:

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

**CIN:** L36911MH1991PLC063357

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

## 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.  

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (erstwhile Section 173 of the Companies Act, 1956), relating to Special Business is annexed hereto.
3. The Register of member and the Share Transfer Books of the Company will remain closed from Wednesday, 24 September 2014 to Tuesday, 30 September 2014 (both days inclusive).
4. Details under clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/ re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
5. Electronic copy of the 23<sup>rd</sup> Annual Report 2013-14, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23<sup>rd</sup> Annual Report 2013-14, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the physical mode.
6. 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 regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2014, so as to enable the Company to keep the information ready.
  - ii. Bring their copy of the Annual Report, Attendance slip and their photo identity proof 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, 89, Andheri-Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072 upto the date of book closure.
7. 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.
8. The Company has listed its shares on the Bombay Stock Exchange Limited. The listing fees till date have been paid.
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. The Company is supporting “**Green Initiative in Corporate Governance**”, a step taken by the Ministry of Corporate Affairs wherein the service of various documents including Notice, Directors’ Report, Annual Accounts and various correspondences by a Company can be made through electronic mode which shall also be in compliance with the provisions of Section 20 of the Companies Act, 2013.  

Supporting this initiative the Company sends its Annual Report to the members whose email ids are available in electronic form. To support this initiative in full measure, Members who have not registered their email address with the Depository through their concerned Depository Participants (DPs) are requested to register the same with their DPs. Members who hold shares in physical form are requested to register their email address with M/s. System Support Services, Registrar & Share Transfer Agent located at 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072. In case you desire to receive the documents mentioned above in physical form or register or change your email address, you are requested to send an e-mail to [investors@neogemindia.com](mailto:investors@neogemindia.com).
11. In terms of section 108 of the Companies Act, 2013, and Rule 20 of the Companies (Management and Administration) Rules, 2014, the company has made arrangement to its members to exercise their right to vote at Annual General Meeting by electronic means.

### **Procedure for e-Voting through electronic means**

A The instructions for members for voting electronically are as under:



- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
  - (ii) Click on "Shareholders" tab.
  - (iii) Now, select the "Neogem India Limited" from the drop down menu and click on "SUBMIT"
  - (iv) Now Enter your User ID
    - a. CDSL: 16 digits beneficiary ID,
    - b. NSDL: 8 Character DP ID followed by 8 Digits Client ID
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user, then follow the steps given below:
    1. Enter your 10 digit alpha-numeric PAN issued by Income Tax Department.

Members who have not registered their PAN with the Company / Depository Participant (DP) are requested to use the default PAN number: as (ABCDE1234Z) in the PAN field.
    2. Enter either the Date of Birth (DOB) in dd/mm/yyyy format OR the Dividend Bank Details, as recorded in your demat account or in the company records for the said demat account or folio, in order to login.

In case either of the details are not recorded with the Company / DP, then please enter the value 01/01/1990 (dd/mm/yyyy format) in the DOB field or 0123456789 in the Dividend Bank details field. After entering these details appropriately, click on "SUBMIT" tab.
  - (viii) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that same password will be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. *It is strongly recommended not to share your password with any other person and to take utmost care in keeping your password confidential.*
  - (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice and not for any other company.
  - (x) Click on the EVSN of NEOGEM INDIA LIMITED on which you choose to vote.
  - (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
  - (xvi) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the Account which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the Scrutinizer to verify the same.
- B. The voting period begins on Wednesday, September 24, 2014 at IST 09:00 a.m. and ends on Friday, September 26, 2014 at IST 05.30 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 29<sup>th</sup> August 2014, may cast their vote electronically.
- The e-voting module shall be disabled by CDSL for voting thereafter.
- C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- D. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29<sup>th</sup> August 2014.



- E. Ms. Pooja Udeshi, Practising Company Secretary and failing her Mr. Hemanshu Kapadia, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- F. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- G. The results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.neogemindia.com](http://www.neogemindia.com) and on the website of CDSL.
12. A brief resume of Directors proposed to be appointed/re-appointed at this Annual General Meeting pursuant to Clause 49 of the Listing Agreement is as follows:

Name	Mr. Ronak Doshi	Mr. Vikas Patel	Mr. Jayant Nagarkar
Date of Birth	12/11/1974	03/11/1974	02/08/1941
Qualification	B. Com from University of Mumbai.	B. Com from University of Mumbai.	B. Com from University of Mumbai.
Nature of Expertise	He has a vast experience in the international marketing & Production of the Gold/Silver diamond studded Jewellery.	He has a vast experience in the international marketing of diamond studded jewellery.	Has retired from Indian Revenue Services. He has vast experience in the administration of Customs and Central Excise matters of manufacturing and other organizations.
Experience	22 Year	16 Year	14 Year
Name of other Public Companies in which holds Directorship	Nil	Nil	Nil
Name of other Companies in Committees of which holds Membership/ Chairmanship	Nil	Nil	Nil
Shareholding in Neogem India Limited	8,39,800	Nil	Nil

**By Order of the Board of Directors**

**Gaurav Doshi**  
*Chairman & Managing Director*  
**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

**Registered Office:**

G-32, Gems & Jewellery Complex III,  
 Seepz (SEZ), Andheri (East), Mumbai-400 096  
**CIN:** L36911MH1991PLC063357



## EXPLANATORY STATEMENT

Explanatory Statement as required under Section 102 of the Companies Act, 2013

The following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4 & 5 of the accompanying Notice dated 2<sup>nd</sup> September 2014.

**Item No. 4 & 5:** In accordance with the erstwhile provisions of the Companies Act, 1956, Mr. Jayant Nagarkar (DIN-00131405) and Mr. Vikas Patel (DIN-00131285) were appointed as the Directors of the Company. Mr. Vikas Patel (DIN-00131285) retires by rotation at the ensuing AGM under the erstwhile applicable provisions of Companies Act, 1956. Mr. Jayant Nagarkar (DIN 00131405) is the director whose period of offices is liable to determination by retirement by rotation under the erstwhile applicable provisions of the Companies Act, 1956. They have been on the Board of the Company as Independent Non-executive directors pursuant to Clause 49 of the Listing Agreement. With the enactment of the Companies Act, 2013, it is now incumbent upon the Company to appoint 'Independent Directors' as defined in Section 149(6) of the Companies Act, 2013.

In terms of Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and all other applicable rules made under the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) (hereinafter referred to as 'the Act'), Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285), being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors (Independent Non-executive Directors) for a term of five consecutive years commencing from September 30, 2014, not liable to retire by rotation.

The Company has received from Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285):

- (i) Letters of consent to act as a Director in the prescribed form DIR-2 pursuant to Section 152 of the Act and Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014;
- (ii) Letters of intimation in the prescribed form DIR-8 pursuant to Section 164 of the Act and Rule 14 of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that they are not disqualified to become Directors under the Act;
- (iii) Declarations that they meet the criteria of independence as provided under Section 149 of the Act read with the Clause 49 of the Listing Agreement as amended and declarations under Section 152 of the Act to the effect that they are not disqualified to become directors under the Act.

The Nomination and Remuneration Committee has recommended the appointment of these Directors as Independent Directors for a term of five consecutive years effective from the date of this AGM. In the opinion of the Board of Directors, Mr. Jayant Nagarkar (DIN- 00131405) and Mr. Vikas Patel (DIN-00131285) fulfill the conditions specified in the Act, rules made thereunder, read with the Clause 49 of the Listing Agreement as amended for their appointment as Independent Directors of the Company and they are not disqualified to become Directors under the Act. They are independent of the management. Documents relevant to the appointment of these directors as Independent Directors are available 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. The Board of Directors is authorized to take all such steps as may be necessary, proper, expedient or desirable to give effect to this appointment, with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the aforesaid appointment.

Brief resume of the Independent Directors proposed to be appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the memberships/ chairmanships of Committees of the Board and their 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 this Report.

The ordinary resolutions at Item no. 4 and 5 of this Notice seek the approval of the Members for the appointment of Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285) as Independent Directors of the Company for a term of five consecutive years effective from the date of this AGM pursuant to Sections 149, 150, 152 read with Schedule IV and all other applicable provisions of the Act and applicable rules made under the Act and Clause 49 of the Listing Agreement, as amended from time to time. They are not liable to retire by rotation. The Board of Directors considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of these directors as Independent





Directors. Accordingly, the Board of Directors recommends the ordinary resolutions as set out at Item no. 4 and 5 of this Notice in relation to appointment of Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285) as Independent Directors, for the approval by the Members of the Company.

Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285), respectively, are concerned or interested in the Resolutions of the accompanying notice relating to their own appointment. None of the Directors, Key Managerial Personnel of the Company or their relatives, other than the Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in the resolutions set out at Item No. 4 and 5 of the Notice.

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357



## DIRECTORS' REPORT

To,  
The Members,  
Neogem India Limited

The Directors present the Twenty-third Annual Report of the Company together with the Audited Statement of Accounts for the year ended **31<sup>st</sup> March 2014**.

### 1. FINANCIAL RESULTS:

The financial performance of the Company, for the year ended March 31, 2014 is summarized below:

(Rs. In Lacs)

Particulars	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Revenue from Operations	8,373.50	8237.20
Other Income	2.53	3.99
Profit before Depreciation and Tax	30.82	161.27
(Less): Depreciation	(11.19)	(11.66)
Profit for the year before tax	19.63	149.60
(Less): Exceptional Items	(1.52)	-
Add/(Less): Provision for Taxation	(2.96)	(47.18)
Profit after Tax	15.15	102.42

### 2. REVIEW OF OPERATIONS:

The Company registered turnover of Rs. 837,349,575/- in the current year as compared to Rs. 823,720,082/- during the previous year. However, due to increase in expenses, the Company earned Profit before tax of Rs. 1,962,869/- as compared to Rs. 14,960,843/- in the previous year. Your Directors expect better performance in future. Business review details are included in Management Discussion and Analysis Report.

### 3. DIVIDEND:

In view to conserve resources, your Directors do not recommend any dividend for the financial year ended 2013-14.

### 4. DIRECTORS:

Pursuant to Sections 149, 152 and any other applicable provisions of the Companies Act, 2013, Mr. Jayant Nagarkar (DIN 00131405) and Mr. Vikas Patel (DIN-00131285), are proposed to be appointed as Independent Directors to hold office for five consecutive years.

Pursuant to Companies Act, 2013, office of Directorship of Mr. Ronak Doshi (DIN: 00102959) is liable to retire by rotation.

Brief resume of the Director proposed to be appointed, nature of their expertise in specific functional areas, names of the Companies in which they hold directorships and membership/Chairmanship of Committees of the Board, their shareholding in the Company and inter-se relationship with Directors, as stipulated under section 149(6) of the Companies Act, 2013 and Clause 49 of Listing Agreement entered into with the Stock Exchanges, are set out in the Notice forming part of the Annual Report.

The Board commends the resolution to the members for the respective appointments/re-appointment.

### 5. CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the requirements set out by SEBI. 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.

### 6. AUDITORS REPORT:

With respect to remark of Auditors 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.

## 7. 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 141 of the Companies Act, 2013 (erstwhile section 224(1B) of the Companies Act, 1956) from M/s. Ashok Bairagra & Associates (having Firm Registration No. 118677W), Chartered Accountants, confirming their eligibility and willingness to act as Statutory Auditors, if re-appointed. M/s. Ashok Bairagra & Associates, Chartered Accountants are hereby appointed as Statutory Auditors of the Company to hold office for the period of 3 (three) years from the conclusion of this Annual General Meeting until the conclusion of the fourth Annual General Meeting to examine and audit the accounts of the Company for the financial year 2014-15, 2015-16 and 2016-17, subject to ratification by the members of the Company at both the subsequent AGM.

## 8. INSURANCE:

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

## 9. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- a) The Company has followed the applicable accounting standards except AS 15 in the preparation of the Annual Accounts.
- 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.

## 10. 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.

## 11. PERSONNEL:

As on date, none of the employees of the Company fall within the purview of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

## 12. 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.

## 13. 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 activities 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	2013-14	2012-13
Foreign exchange earned on F.O.B. basis	5158.62	5205.13
Foreign exchange used	4904.17	4830.32

## 14. Preferential Allotment of Fully Convertible Equity Share Warrants:

Based on the approval of the members taken in the 22<sup>nd</sup> Annual General Meeting, the Company has made preferential allotment of Fully Convertible Equity Share Warrants to the following personnel as mentioned below, as per the provision of section 81(1A) of the Companies Act, 1956 and as per the Listing Agreement entered in to by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with Regulations prescribed by the Securities and Exchange Board of India ("SEBI"). The Company had obtained approval of members for allotment of 15,60,000 equity shares but based on the share application money received, the Company has made an preferential allotment of 10,60,000 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. 18/- (Rs.10 each at premium of Rs. 8/- each) to the promoter group whose names are mentioned below:

- a. Rekha Doshi - 239600
- b. Ronak Doshi - 310200
- c. Gaurav Doshi - 310200
- d. Reshma Doshi - 100000
- e. Vaitasi Doshi - 100000

Further we have to inform the shareholders that in the 22<sup>nd</sup> Annual Report the relevant date for the preferential issue was mentioned as 31<sup>st</sup> August 2013, however since it was Saturday, the relevant date was changed to Friday, 30<sup>th</sup> August 2013. Also pursuant to the amendment in SEBI (ICDR) Regulations, 2009 dated 26<sup>th</sup> August 2013, the lock-in shall be from the date of trading approval instead of date of allotment as mentioned in the 22<sup>nd</sup> Annual Report.

## 15. ACKNOWLEDGEMENTS:

The Board of Directors expresses 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 looks forward to their continuous co-operation.

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

## Registered Office:

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

**CIN:** L36911MH1991PLC063357

## 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 as per Clause 49 of Listing Agreement. The Board comprises of Executive Chairman, one Executive Whole-time Director and two Non-Executive Independent Directors.

##### **Number of meetings held:**

During the year 2013-2014, seven (7) meetings of the Board of Directors were held on 2<sup>nd</sup> April 2013, 30<sup>th</sup> May 2013, 14<sup>th</sup> August 2013, 2<sup>nd</sup> September 2013, 14<sup>th</sup> November 2013, 14<sup>th</sup> February 2014 and 21<sup>st</sup> February 2014.

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. 2013-14 Attendance at		As on the date of this report		
		BM	Last AGM	No. of other Directorships#	Other Committee Positions #	
					Member	Chairman
Mr. Gaurav Doshi (DIN-00166703)	Executive Chairman and Managing Director	7	Yes	Nil	Nil	Nil
Mr. Ronak Doshi (DIN: 00102959)	Executive Vice-Chairman, Whole-time Director and Chief Financial Officer	7	Yes	Nil	Nil	Nil
Mr. Jayant Nagarkar (DIN 00131405)	Independent and Non-Executive Director	7	No	Nil	Nil	Nil
Mr. Vikas Patel (DIN-00131285)	Independent and Non-Executive Director	7	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 8 of the Companies Act, 2013 (erstwhile 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 Director:**

Mr. Vikas Patel (DIN-00131285), 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. Mr. Vikas Patel and Mr. Jayant Nagarkar who were Independent Directors as per Clause 49 of Listing Agreement would now be required to be regularized as Independent Directors under Section 149(6) of the Companies Act, 2013.

**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 Marketing, 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 (DIN-00131285), Non-Executive Independent Director acts as the Chairman of the Committee, whereas Mr. Jayant Nagarkar (DIN 00131405), Non-Executive Independent Director and Mr. Gaurav Doshi (DIN-00166703), Managing Director 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 2013-14 under review, four (4) Audit Committee Meetings were held on 30<sup>th</sup> May 2013, 14<sup>th</sup> August 2013, 14<sup>th</sup> November 2013 and 14<sup>th</sup> February 2014.

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 (DIN-00131285)	Independent & Chairman	4	4
Mr. Jayant Nagarkar (DIN 00131405)	Independent Director	4	4
Mr. Gaurav Doshi (DIN-00166703)	Executive Director	4	4

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

**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 2013-14 under review, four (4) Shareholders'/ Investors' Grievance Committee Meetings were held on 30<sup>th</sup> May 2013, 14<sup>th</sup> August 2013, 14<sup>th</sup> November 2013 and 14<sup>th</sup> February 2014.

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 (DIN-00131285)	Independent & Chairman	4	4
Mr. Jayant Nagarkar (DIN 00131405)	Independent Director	4	4

The Company had received one (1) complaint during the year 2013-14 and the same been resolved thus, no complaints were pending as on 31/03/2014.

**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 2013-14 under review, four (4) Share Transfer Committee Meetings were held on 30<sup>th</sup> May 2013, 14<sup>th</sup> August 2013, 14<sup>th</sup> November 2013 and 14<sup>th</sup> February 2014.

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 (DIN-00131285)	Independent & Chairman	4	4
Mr. Jayant Nagarkar (DIN 00131405)	Independent Director	4	4

## 6) REMUNERATION COMMITTEE

### *Composition, Number of Meetings and Attendance:*

During the financial year 2013-14 under review, no Remuneration Committee Meeting was held. The composition of the Remuneration Committee is given hereunder:

Name of Committee Members	Category
Mr. Vikas Patel (DIN-00131285)	Independent Director & Chairman
Mr. Jayant Nagarkar (DIN 00131405)	Independent Director

*Details of remuneration paid to the Directors during 2013-14 are 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 (DIN-00166703)	Executive Chairman & Managing Director	Related to Mr. Ronak Doshi	9,87,300	36,000	32,700	Nil
Mr. Ronak Doshi (DIN: 00102959)	Vice-Chairman, Whole-time Director and Chief Financial Officer	Related to Mr. Gaurav Doshi	9,83,800	36,000	36,200	Nil
Mr. Jayant Nagarkar (DIN 00131405)	Independent and Non-Executive Director	--	Nil	Nil	Nil	Nil
Mr. Vikas Patel (DIN-00131285)	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
2010-2011	30 <sup>th</sup> September 2011	1:30 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	Nil
2011-2012	29 <sup>th</sup> September 2012	1:30 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	Nil
2012-2013	30 <sup>th</sup> September 2013	1:30 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	2

*Special Resolutions passed during the last 3 annual general meetings:*

**Annual General Meeting held on 30th September 2013:**

- To alter the Articles of Association of the Company
- To create, offer and allot, on preferential basis 15,60,000 Equity Share Warrants to promoters.

During the year ended 31<sup>st</sup> March 2014, 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 2013-14, 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 Company does not have any specific whistle blower policy in place. However, the Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee. Pursuant to provisions of Companies Act 2013, the company is in process of setting up formal vigil mechanism system.

### ***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.

### ***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 except AS 15.

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 Business Standard/Free Press Journal (English) and Navakal/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 : Tuesday

Date : 30<sup>th</sup> September 2014

Time : 1.30 p.m.

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

***Financial Year*** : 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014

***Date of Book Closure: Wednesday, 24<sup>th</sup> September 2014 to Tuesday, 30<sup>th</sup> September 2014 (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 2013-14 to the above exchange.

### ***Demat ISIN Number for NSDL & CDSL:***

ISIN number issued to equity shares by NSDL & CDSL 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) & Central Depository Services (India) Limited (CDSL) 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

#### **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](mailto:investors@neogemindia.com)

#### **Stock Market Data:**

Month/Year	Bombay Stock Exchange Limited (BSE)	
	High (Rs.)	Low (Rs.)
April 2013	19.65	17.80
May 2013	18.60	16.95
June 2013	16.30	16.30
July 2013	15.50	15.50
August 2013	15.55	15.40
September 2013	15.80	15.80
October 2013	16.00	13.60
November 2013	13.60	12.93
December 2013	15.38	12.83
January 2014	14.50	7.01
February 2014	6.87	5.15
March 2014	5.05	4.02

#### **Distribution of Shareholding as on 31st March 2014:**

Shareholding	No. of shares	% of shares to Total	No. of shareholders	% of Shareholders to Total
1 - 500	545312	6.920	2547	79.519
501 - 1000	321659	4.082	351	10.958
1001 – 2000	204260	2.592	123	3.840
2001 - 3000	92967	1.180	36	1.124
3001 - 4000	53640	0.681	15	0.468
4001 - 5000	187054	2.374	38	1.186
5001 - 10000	363798	4.617	48	1.499
10001 & Above	6111310	77.555	45	1.405
Shares In Transit	0	0.000		
<b>Totals</b>	<b>7880000</b>	<b>100.000</b>	<b>3203</b>	<b>100.000</b>



**Physical/ Electronic Shareholding Pattern as on 31<sup>st</sup> March 2014:**

Category	No. of Shares	% of Shares to Total	No. of Shareholders	% of Shareholders to Total
C. D. S. L.	11,00,115	13.96	126	3.93
N. S. D. L.	57,33,335	72.76	792	24.73
Physical	10,46,550	13.28	2285	71.34
In Transit (Demat)	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>78,80,000</b>	<b>100.00</b>	<b>3203</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March 2014:**

Category	No. of shares	% of shares to Total	No. of Shareholders	% of Shareholders to Total
<b>Promoter Group:</b>				
Indian	3139550	39.84	5	0.16
<b>Public Shareholding:</b>				
Mutual Funds	-	-	-	-
Non Institutions:	-	-	-	-
Bodies Corporate	640723	8.13	84	2.62
<i>Individual: Share Capital</i> <i>&lt;=1,00,000</i>	1573706	19.97	3001	93.69
Share Capital > 1,00,000	2471321	31.36	28	0.87
NRI Individuals (Non Rep)	1600	0.02	3	0.09
NRI (Repatriation)	53100	0.67	82	2.56
<b>TOTAL</b>	<b>78,80,000</b>	<b>100.00</b>	<b>3203</b>	<b>100.00</b>

**B) NON-MANDATORY REQUIREMENTS:**

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

**By Order of the Board of Directors**

**Gaurav Doshi**  
Chairman & Managing Director  
**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357



## 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 31<sup>st</sup> March, 2014.

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357

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## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**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 31<sup>st</sup> March, 2014, 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 procedure 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 the management has conducted the affairs of the company.

**M/S. ASHOK BAIRAGRA & ASSOCIATES**

*Chartered Accountants*

(Registration No.118677W)

Place: Mumbai

Date: 30<sup>th</sup> May 2014

**ASHISH JALAN**

Partner

M.No.125707

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1) Industry Structure & Developments and Outlook

Indian gems and jewellery sector is expected to grow at a compound annual growth rate (CAGR) of around 16.26 per cent till 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by Ministry of Commerce & Industry.

The domestic gems and jewellery industry had a market size of Rs 251,000 crore (US\$ 41.61 billion) in 2013, with potential to touch Rs 500,000-530,000 crore (US\$ 82.94-87.93 billion) by 2018, according to a joint report by FICCI –AT Kearney titled 'All that glitters is Gold: India Jewellery Review 2013'.

FY 2013-14 saw an increase of 12.65 per cent in export of cut and polished diamonds with the segment reaching US\$ 19,635 million. The industry also saw an increase of 11.98 per cent in imports of rough diamonds with figures of US\$ 16,716 million, suggesting a growth in cutting, polishing and other manufacturing activities in the country.

Key exporting destinations for gems and jewellery in FY 2013-14 were UAE – 35 per cent of exports valued at US\$ 12,195.34 million; Hong Kong – 28 per cent of exports valued at US\$ 9,790.45 million; and the US – 14 per cent of exports valued at US\$ 4,948.92 million.

The cumulative foreign direct investment (FDI) inflows in diamond and gold ornaments during April 2000-February 2014 stood at US\$ 433.20 million, according to data published by Department of Industrial Policy and Promotion (DIPP), Government of India.

The Gem & Jewellery Export Promotion Council (GJEPC) announced the annual performance for the Indian Gem & Jewellery sector for the FY 2013-14, declaring a contribution of US\$ 34746.90 million to India's foreign exchange earnings, with a decline of 11 percent as compared to the last year figures.

The financial year 2013- 14 saw an increase of 12.65 percent in export of cut and polished diamonds with figures of US\$ 19635 million. The industry also saw an increase of 11.98 percent in imports of rough diamonds with figures of US\$ 16716 million indicating an increase in cutting, polishing and other manufacturing activities in India. The export of Gold jewellery & Gold medallions together for the period April 2013-14 was at US\$ 11045.92 million which shows a decline of 39.50 percent. This was mainly due to the non-availability of the gold limiting the extent of trade for many of the Indian players. The average price for exported gold was lower than previous year adding to the woes of the industry that took a hit and closed at a negative of 11 percent. The coloured gemstones export also dropped by 20.10 percent in this year with figures of US\$ 519 million. The Silver jewellery exports had a significant increase by 58.57 percent with figures of US\$ 1460 million.

"The outlook for 2014-15 looks positive in the overall gems & jewellery exports in the current fiscal. The MoU being signed with Russian diamond mining firm ALROSA to share trade and statistical data between the two countries will help in strengthening trade relations between the two countries. Some of our other initiatives for the year 2014-15 include the India - China Gemstones Buyer - Seller Meet in Jaipur, India – USA Buyer – Seller Meet to be hosted for the first time in Chicago, The 2nd edition of the global Gem & Jewellery fair in Dubai this November and many more."

According to a recent study, India and China are now emerging as one of the leaders in the global jewellery industry in terms of consumption, besides production and trade. The countries jointly would account for over 30 per cent of global diamond market in 2015.

India has the distinction of being one of the first countries to introduce diamonds to the world. Diamonds manufactured in India constitute 65 per cent by value, 85 per cent by volume and 92 per cent by pieces of the world diamond production, making the country not only the leading global manufacturer but also one of the highest consumers of rough diamonds in the world.

The diamond jewellery market in India stands at approximately 20 per cent or Rs.45,000 crore of the whole jewellery market and is growing at the rate of 20 per cent in a year.

India possesses world's most competitive gems and jewellery market due to its low cost of production and availability of skilled labor. As per the research report "Indian Gems and Jewellery Market Forecast to 2013", highly skilled and low cost manpower, along with strong Government support in the form of incentives and establishments of SEZs, have been major drivers for the Indian gems and jewellery market. Presently, although, Indian market is highly fragmented, it is rapidly transforming into an organized sector.

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.

One of the major concerns for the diamond industry is the depreciating value of rupee which has a direct impact on the prices of diamond.

**Government Initiatives:** In a bid to further liberalise norms for rough diamond imports, the RBI has lifted restrictions on several mines abroad; advance remittances can now be extended to these mines for such import of roughs. Based on recommendations from GJEPC, RBI had in 2007 notified five global miners of roughs to which an importer could make advance remittance without limit and without having to furnish a bank guarantee or standby letter of credit for import of roughs.

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, Risks & Concerns:

- 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
- Depreciating value of Rupee having a direct impact on the prices of diamond.

## 3) Performance

The management was focused 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. 837,349,575/- in current year as compared to Rs. 823,720,082/- in previous year. The Company made a profit of Rs. 1,962,869/- before tax as compared to a profit of Rs. 14,960,843/- before tax for the previous year. With favorable market conditions, your Directors expect better performance in future.

## 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.

During the year 2013–14, Industrial relations were cordinal and harmonious.

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN- 00166703**

**Date:** 2<sup>nd</sup> September 2014

**Place:** Mumbai

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

#### **Registered Office:**

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

**CIN:** L36911MH1991PLC063357

## AUDITOR'S REPORT

To the Members of **Neogem India Limited**

### Report on the Financial Statement

We have audited the accompanying financial statements of **Neogem India Limited** ('the Company') which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Opinion

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

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with General circular 15/2013 dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; **except Leave Encashment which is provided on the basis of actual calculation rather than actuarial valuation as per AS 15** and
  - e. on the basis of written representations received from the directors as on 31 March, 2014, and taken on record by the Board of Directors, none of the Directors are disqualified as on 31 March 2014, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**For ASHOK BAIRAGRA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 118677W

**Ashish Jalan**  
Partner (M.No. F 125707)

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014

**Annexure to the Auditor's Report**

(Referred to in paragraph 3 of our report of even date for the year ended 31<sup>st</sup> March, 2014)

- (i) (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (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. Accordingly the paragraph 4iii(b), 4 iii(c) and 4 iii(d) of the order, are not applicable.
- (b) The company has not taken unsecured interest free loan from parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, as company has not 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.
- (d) 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 are adequate internal control systems 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.
- (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.
- (viii) The Central government has prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in respect of certain manufacturing activity of the company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made the detailed examination of the same.



- (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 major.
- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- (x) In our opinion, there are no accumulated losses of the company at the end of financial year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (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) To the best of our knowledge and according to information & explanation given to us, we report that the company has not made any preferential share allotments of equity shares covered under the register required to be maintained u/s. 301 of the Companies Act, 1956.
- (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**  
(Firm Reg. No. 118677W)

**Ashish Jalan**  
**Partner**  
(M.No. : F 125770)

Place: Mumbai  
Date: 30<sup>th</sup> May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2.1	<b>78,800,000</b>	78,800,000
(b) Reserves and Surplus	2.2	<b>58,110,178</b>	56,595,295
<b>(2) Share Application Money pending allotment</b>	2.3	<b>6,770,000</b>	4,290,000
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	2.4	<b>260,000</b>	8,557,000
(b) Deferred Tax Liabilities (Net)	2.5	<b>447,123</b>	800,897
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	2.6	<b>156,880,386</b>	118,922,354
(b) Trade Payables	2.7	<b>356,635,815</b>	376,563,600
(c) Other Current Liabilities	2.8	<b>9,216,593</b>	9,830,938
(d) Short-Term Provisions	2.9	<b>10,794,493</b>	5,973,957
	<b>TOTAL</b>	<b>677,914,589</b>	660,334,041
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	2.10	<b>6,022,348</b>	7,097,198
(b) Non-Current Investments	2.11	<b>14,040</b>	14,040
(c) Long-Term Loans and Advances	2.12	<b>240,070</b>	236,880
<b>(2) Current Assets</b>			
(a) Inventories	2.13	<b>96,396,573</b>	58,641,554
(b) Trade Receivables	2.14	<b>554,990,664</b>	587,196,675
(c) Cash and Cash Equivalents	2.15	<b>5,770,596</b>	1,863,089
(d) Short-Term Loans and Advances	2.16	<b>14,480,298</b>	5,284,605
	<b>TOTAL</b>	<b>677,914,589</b>	660,334,041

Significant accounting policies and Notes to Accounts: 01 - 02

The Schedules referred above form an integral part of the Balance Sheet

**Auditors' Report****As per our Report of even date attached  
For Ashok Bairagra & Associates**Chartered Accountants  
Firm Reg. No. 118677W**Ashish Jalan**  
Partner  
Membership No. : F-125707**For and on behalf of the Board of Directors****Gaurav Doshi**  
Chairman &  
Managing Director**Ronak Doshi**  
Whole Time Director  
& CFOPlace: Mumbai  
Dated: 30th May, 2014

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No	Year Ended 31st March, 2014	Year Ended 31st March, 2013
I. Revenue from Operations	2.17	837,349,575	823,720,082
II. Other Incomes	2.18	253,345	399,911
III. Total Revenue (I + II)		<u>837,602,921</u>	<u>824,119,993</u>
IV. Expenses:			
Manufacturing Expenses			
Cost of Materials Consumed	2.19	594,380,049	494,478,811
Purchases of Stock-in-Trade	2.20	201,447,833	275,286,191
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.21	1,150,640	(1,205,592)
Employee Benefits Expenses	2.22	10,711,961	9,459,749
Finance Costs	2.23	11,948,143	11,017,716
Depreciation and Amortization Expense	2.24	1,118,550	1,166,413
Other Expenses	2.25	14,882,875	18,955,863
Total Expenses		<u>835,640,051</u>	<u>809,159,151</u>
V. Profit before Exceptional and Extraordinary Items and Tax (III - IV)		1,962,869	14,960,843
VI. Exceptional Items		151,760	-
VII. Profit before Extraordinary Items and Tax (V - VI)		1,811,110	14,960,843
VIII. Extra Ordinary Items		-	-
IX. Profit before Tax (VII - VIII)		<u>1,811,110</u>	<u>14,960,843</u>
X. Tax Expense:			
(1) Current tax		(650,000)	(4,875,000)
(2) Income Tax of Earlier Year		-	-
(2) Deferred Tax		353,774	156,640
XI. Profit/ (Loss) for the period from Continuing Operations (IX - X)		<u>1,514,883</u>	<u>10,242,483</u>
XII. Profit/Loss from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/ (Loss) from Discontinuing Operations (after Tax) (XII - XIII)		-	-
XV. Profit/ (Loss) for the Period (XI + XIV)		<u>1,514,883</u>	<u>10,242,483</u>
XVI. Earnings Per Equity Share			
(1) Basic		0.19	1.30
(2) Diluted		0.18	1.30

Significant accounting policies and Notes to Accounts: 01 -02  
The Schedules referred above form an integral part of the Balance Sheet

### Auditors' Report

**As per our Report of even date attached  
For Ashok Bairagra & Associates**  
Chartered Accountants  
Firm Reg. No. 118677W

**For and on behalf of the Board of Directors**

**Ashish Jalan**  
Partner  
Membership No. : F-125707

**Gaurav Doshi**  
Chairman &  
Managing Director

**Ronak Doshi**  
Whole Time Director  
& CFO

Place: Mumbai  
Dated: 30th May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	2013 - 2014 ₹	2012 - 2013 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before taxation and extra - ordinary items	1,811,110	14,960,843
Adjustment for		
Depreciation	1,118,550	1,166,413
Interest Expenses	11,948,143	11,017,716
Expenses w/off & Income W/Back	-	(2,853)
Interest Income	<u>(12,393)</u>	<u>(11,781)</u>
Operating Profit before working capital changes	14,865,409	27,130,338
Adjustment for Working Capital :		
<b>(Increase) / Decrease in current asset :</b>		
(Increase)/ Decrease in Debtors	32,206,011	(57,829,311)
(Increase)/ Decrease in Inventories	(37,755,019)	(14,884,593)
(Increase)/ Decrease in Deposits	(3,190)	(16,710)
(Increase)/ Decrease in Loans & advances	<u>169,302</u>	<u>(858,575)</u>
<b>Increase/ (Decrease) in current liability :</b>		
Increase/ (Decrease) in Creditors for goods	(19,927,785)	41,488,607
Increase/ (Decrease) in Creditors for expenses	<u>(673,309)</u>	<u>1,688,135</u>
Cash generated from operations	(11,118,579)	(3,282,110)
Less : Income Tax & FBT paid	<u>(5,135,496)</u>	<u>(4,767,281)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b><u>(16,254,075)</u></b>	<b><u>(8,049,391)</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<u>(43,700)</u>	<u>(111,437)</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b><u>(43,700)</u></b>	<b><u>(111,437)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Procees form Share Application Money	2,480,000	-
Interest on borrowings	(11,948,143)	(11,017,716)
Interest Received	12,393	11,781
Proceeds from Borrowings	<u>29,661,032</u>	<u>19,793,514</u>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b><u>20,205,282</u></b>	<b><u>8,787,579</u></b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS</b>	<b><u>3,907,507</u></b>	<b><u>626,751</u></b>
<b>CASH &amp; CASH EQUIVALENTS OPENING BALANCE</b>	<b><u>1,863,089</u></b>	<b><u>1,236,338</u></b>
<b>CASH &amp; CASH EQUIVALENTS CLOSING BALANCE</b>	<b><u>5,770,596</u></b>	<b><u>1,863,089</u></b>

**Auditors' Report**

**As per our Report of even date attached  
For Ashok Bairagra & Associates**  
Chartered Accountants  
Firm Reg. No. 118677W

**Ashish Jalan**  
Partner  
Membership No. : F-125707

**For and on behalf of the Board of Directors**

**Gaurav Doshi**  
Chairman &  
Managing Director

**Ronak Doshi**  
Whole Time Director  
& CFO

Place: Mumbai  
Dated: 30th May, 2014

## NOTE "1"

### SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### ii. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### iii. Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any.

#### iv. Depreciation

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 over their useful life except.

#### v. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset 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.

#### vi. Foreign Currency Transactions

- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b. Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c. Non-monetary foreign currency items are carried at cost.
- d. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

#### vii. Investments

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.

#### viii. Inventories

- a. Raw Material is valued at cost on FIFO basis or Market Value whichever is lower.
- b. WIP Stock is valued at cost on FIFO basis.
- c. Finished Goods is valued at cost on FIFO basis or net realizable value whichever is lower.

- d. Diamond included in the above stock is valued at specific identification method on FIFO basis
- Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any.
- Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

## ix. Revenue Recognition

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.

The Company recognizes revenue on dispatch of goods. In case of Job Work, the revenue is recognized upon completion of the job and dispatch of goods.

Revenue from operations includes sale of goods, services, sales tax, service tax, excise duty and sales during trial run period, adjusted for discounts (net), Value Added Tax (VAT) and gain / loss on corresponding hedge contracts.

Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

## x. Employee 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.

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post-employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss account.

## xi. Financial Derivatives and Commodity Hedging Transactions

Financial derivatives and commodity hedging contracts are accounted on the date of their settlement. In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restatement are recognized in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets.

## xii. Provisions, Contingent Liabilities and Contingent Assets

Provisions 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.

## xiii. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961.

Deferred tax resulting from "Timing Difference" between Block 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 assets is

recognized and carried forward only to the extent that there is virtual certainty supported by convincing evidence that the asset will be realized in future.

Net outstanding balance in Deferred tax account is recognized as Deferred tax liabilities / asset.

The Deferred tax account is used solely for reversing timing difference as and when crystalized.

#### **xiv. Cash Flow Statement**

The Cash Flow statement is being prepared in accordance with the format prescribed in Accounting Standard 3 prescribed by the ICAI.

#### **xv. Prior Period Items**

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

#### **xvi. Related Party Transaction**

Disclosure of transaction with Related Parties, as required by Accounting Standard 18 "Related Party Disclosure" 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 management personnel and information available with the company.

#### **xvii. Earning per Share**

Basic and Diluted earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

#### **For Ashok Bairagra & Associates**

Chartered Accountants  
Firm Reg. No. 118677W

#### **Ashish Jalan**

Partner  
Membership No. : F-125707

Place: Mumbai

Dated: 30th May, 2014

#### **For and on behalf of the Board of Directors**

#### **Gaurav Doshi**

Chairman &  
Managing Director

#### **Ronak Doshi**

Whole Time Director  
& CFO

**NOTES FORMING PART OF THE ACCOUNTS**

<b>NOTE '2.1' SHARE CAPITAL</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>AUTHORISED :</b>		
1,00,00,000 Equity Shares of ₹ 10/-each	<b>100,000,000</b>	100,000,000
<b>ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :</b>		
78,80,000 (P.Y. 78,80,000)		
Equity Shares of ₹ 10/- each	<b>78,800,000</b>	78,800,000
<b>TOTAL</b>	<b>78,800,000</b>	78,800,000

**(i) Details of shareholders holding more than 5% of shares.**

<b>Name of Shareholders</b>	<b>As At 31st March 2014</b>		<b>As At 31st March 2013</b>	
	<b>No. of Shares</b>	<b>% Held</b>	<b>No. of Shares</b>	<b>% Held</b>
Urvinderpal Attarsingh	8,00,000	10.15	10,00,000	12.69

**(ii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

<b>Particulars</b>	<b>As At 31st March 2014</b>	<b>As At 31st March 2013</b>
Number of Equity Share at the beginning of year	78,80,000	78,80,000
Add : Number of Share issued during the year	-	-
Number of Equity Share at the end of the year	<b>78,80,000</b>	78,80,000

<b>NOTE 2.2 RESERVES &amp; SURPLUS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>1. Share Premium Account</b>		
As per last Balance Sheet	<b>3,780,000</b>	3,780,000
Add:- On further Issue of Capital	-	-
Closing Balance	<b>3,780,000</b>	3,780,000
<b>2. Profit &amp; Loss Account</b>	<b>52,815,295</b>	42,572,812
Add : During The Year	<b>1,514,883</b>	10,242,483
Closing Balance	<b>54,330,178</b>	52,815,295
<b>TOTAL</b>	<b>58,110,178</b>	56,595,295

<b>NOTE 2.3 SHARE APPLICATION MONEY</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Share Application Money*	6,770,000	4,290,000
	<b>6,770,000</b>	4,290,000

\*The company had taken approval of shareholders in the AGM held on 30.09.2010 for issue of 15,60,000 preferential shares at ₹ 11/- for which the company had received 25% application money. However the approval from stock exchange was not received. Hence the company in its meeting of board of directors held on 02.04.2013 has resolved to repay the share application money. The Share Application money has been repaid by date 17-02-2014.

\*Further the company had taken approval of shareholders in the AGM held on 30.09.2013 for issue of 15,60,000 preferential shares at ₹ 18/- for which the company had received 25 % Share Application Money on 10,60,000 preferential share warrant as on 31-03-2014. Approval from stock exchange has been received.



## NOTES FORMING PART OF THE ACCOUNTS

<b>NOTE 2.4 LONG TERM BORROWING</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>UNSECURED</b>		
Corporate	260,000	6,110,000
Related Parties		
Non - Corporate		
Directors	-	2,447,000
<b>TOTAL</b>	<b>260,000</b>	<b>8,557,000</b>

<b>NOTE 2.5 DEFERRED TAX LIABILITY &amp; DEFERRED TAX ASSET</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Deffered Tax Liability due to difference between Book & Tax Depreciation (Net)	447,123	800,897
<b>NET DEFERRED TAX LIABILITY/ (ASSETS)</b>	<b>447,123</b>	<b>800,897</b>

<b>NOTE 2.6 SHORT TERM BORROWINGS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>SECURED</b>		
Working Capital Loan from Banks*	156,880,386	118,922,354
<b>TOTAL</b>	<b>156,880,386</b>	<b>118,922,354</b>

\* Working Capital (Secured Loan) from Punjab National Bank and Bank of India.

1. Working Capital Loan is secured by hypothecation of stock of Raw Material & Finished Goods, Export Documentary Bills, Fixed Assets.
2. The Working Capital loan are further secured by way of hypothecation of 3 residential flat in the name of the directors and 2 shareholders.
3. The Working Capital loan is further secured by personal guarantee of 2 directors and 3 shareholders.

<b>NOTE 2.7 TRADE PAYABLES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Micro, Small & Medium Enterprises*	173,448	362,443
Others	356,462,367	376,201,158
<b>TOTAL</b>	<b>356,635,815</b>	<b>376,563,600</b>

\* Details of Dues to Micro, Small & Medium Enterprises as defined under MSMED Act, 2006.

The information as required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

<b>NOTE 2.8 OTHER CURRENT LIABILITIES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Other Currenrt Liabilities	9,216,593	9,830,938
<b>TOTAL</b>	<b>9,216,593</b>	<b>9,830,938</b>

<b>NOTE 2.9 SHORT - TERM PROVISIONS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>PROVISION FOR TAXES</b>		
A Y 2012 - 2013	4,572,000	342,500
A Y 2013 - 2014	4,875,000	4,875,000
A Y 2014 - 2015	650,000	-
Gratuity	236,664	315,599
Bonus	252,452	242,528
Leave Encashment	208,377	198,330
<b>TOTAL</b>	<b>10,794,493</b>	<b>5,973,957</b>



**NOTES FORMING PART OF THE ACCOUNTS**

**NOTE 2.10  
TANGIBLE ASSETS AS ON 31ST MARCH 2014**

Amount in ₹

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 01.04.2013	ADDITION DURING YEAR	DEDUCTION DURING YEAR	AS AT 31.03.2014	PROVISION UP TO 31.03.2013	DEDUCTION ON SALES OF ASSETS	PROVISION FOR THE YEAR	TOTAL DEPN. 31.03.2014	AS AT 31.03.2014	AS AT 31.3.2013
LAND	440,029	-	-	440,029	-	-	-	-	440,029	440,029
PLANT & MACHINERY	13,338,947	-	-	13,338,947	7,978,397	-	633,353	8,611,750	4,727,197	5,360,550
ELECTRICAL FITTINGS	941,409	-	-	941,409	784,133	-	43,169	827,302	114,107	157,276
INTERIOR WORKS	5,860,075	-	-	5,860,075	5,763,317	-	41,202	5,804,519	55,556	96,758
UTILITIES	273,030	-	-	273,030	248,310	-	12,969	261,279	11,751	24,720
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	2,569,072	-	194,403	2,763,475	316,751	511,154
FACTORY EQUIPMENTS	87,871	-	-	87,871	20,529	-	4,174	24,703	63,168	67,342
OFFICE EQUIPMENTS	694,657	-	-	694,657	608,478	-	49,112	657,590	37,067	86,179
AIR CONDITIONERS	1,313,976	-	-	1,313,976	1,164,902	-	62,414	1,227,316	86,660	149,074
COMPUTERS	2,046,383	43,700	-	2,090,083	1,852,975	-	73,774	1,926,749	163,334	193,408
MOTOR BIKE	41,894	-	-	41,894	31,186	-	3,980	35,166	6,728	10,708
<b>TOTAL</b>	<b>28,118,497</b>	<b>43,700</b>	<b>-</b>	<b>28,162,197</b>	<b>21,021,299</b>	<b>-</b>	<b>1,118,550</b>	<b>22,139,849</b>	<b>6,022,348</b>	<b>7,097,198</b>
<b>PREVIOUS YEAR</b>	<b>28,007,060</b>	<b>111,437</b>	<b>-</b>	<b>28,118,497</b>	<b>19,854,886</b>	<b>-</b>	<b>1,166,413</b>	<b>21,021,299</b>	<b>7,097,198</b>	<b>8,152,174</b>

## NOTES FORMING PART OF THE ACCOUNTS

<b>NOTE 2.11 NON - CURRENT INVESTMENTS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Punjab National Bank 36 shares of Face Value ₹ 10 (P. Y . 36)	14,040	14,040
<b>TOTAL</b>	<b>14,040</b>	<b>14,040</b>
* Book Value of Quated Investment	14,040	14,040
* Market Value of Quated Investment	26,788	25,830

<b>NOTE 2.12 LONG TERM LOANS AND ADVANCES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Security Deposit	240,070	236,880
<b>TOTAL</b>	<b>240,070</b>	<b>236,880</b>

<b>NOTE 2.13 INVENTORIES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
1. Raw Materials	94,173,842	54,461,751
2. Finished Goods	1,075,533	1,083,246
3. Work In Progress	322,189	1,465,116
4. Masters & Moulds	390,236	545,730
5. Stores, Spares & Tools	317,422	968,359
6. Trading Goods	117,351	117,351
<b>TOTAL</b>	<b>96,396,573</b>	<b>58,641,554</b>

<b>NOTE 2.14 TRADE RECEIVABLES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Unsecured, Considered Good		
- Outstanding for a period exceeding six months	100,890,822	94,353,094
- Others	454,099,842	492,843,581
Less: Allowance for Bad & Doubtful Debts	-	-
	554,990,664	587,196,675
Doubtful	-	-
<b>TOTAL</b>	<b>554,990,664</b>	<b>587,196,675</b>

\* Debts considered good for which the company holds no security other then the Debtors Personal Security.

<b>NOTE 2.15 CASH AND CASH EQUIVALENTS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Balance with Banks Wiith Schedule Bank In Current A/c	5,350,576	1,162,826
In Fixed Deposit	31,157	31,157
Cash on Hand	388,863	669,106
<b>TOTAL</b>	<b>5,770,596</b>	<b>1,863,089</b>

\* Fixed Deposit with Banks include deposit of ₹ 31,157/- (P. Y ₹ 31,157/-) with maturity of more than 12 Months maturing on 4th August 2014

**NOTES FORMING PART OF THE ACCOUNTS**

<b>NOTE 2.16 SHORT TERM LOANS AND ADVANCES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>Others</b>		
Advance Tax & T.D.S	<b>10,754,404</b>	1,389,409
VAT Receivable	<b>1,504,369</b>	1,537,941
Accrued Interest	<b>4,950</b>	1,875
Margin Money	<b>118,859</b>	266,357
Other Advances	<b>2,097,717</b>	2,089,023
<b>TOTAL</b>	<b>14,480,298</b>	5,284,605

<b>NOTE 2.17 REVENUE FROM OPERATIONS</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Sale of Products	<b>826,555,665</b>	823,720,082
Gain on Foreign Exchange	<b>10,793,910</b>	-
	<b>837,349,575</b>	823,720,082
<b>TOTAL</b>	<b>837,349,575</b>	823,720,082

<b>NOTE 2.18 OTHER INCOME</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>Interest</b>		
Interest on F.D with Bank ( including TDS ₹ Nil, P. Y ₹ Nil/-)	<b>3,075</b>	2,558
Interest on Security Deposit ( including TDS ₹ 932/-, P. Y ₹ 923/-)	<b>9,319</b>	9,223
Other Income	<b>240,952</b>	388,131
<b>TOTAL</b>	<b>253,345</b>	399,911

\* Other Income Includes Income from Dividend, Discount & Bal W/Back

<b>NOTE 2.19 COST OF MATERIAL CONSUMED</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Opening Stock	<b>54,461,751</b>	39,562,578
Add : Purchase During the Year	<b>634,092,140</b>	509,377,985
Less : Closing Stock	<b>94,173,842</b>	54,461,751
Consumption Of Raw Material During The Year	<b>594,380,049</b>	494,478,811

<b>NOTE 2.20 PURCHASES OF STOCK-IN-TRADE</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Opening Stock	<b>117,351</b>	644,092
Add : Purchases	<b>201,447,833</b>	274,759,450
Less: Closing Stock	<b>117,351</b>	117,351
<b>TOTAL</b>	<b>201,447,833</b>	275,286,191

## NOTES FORMING PART OF THE ACCOUNTS

<b>NOTE 2.21 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS</b>	<b>As at 31.03.2014</b> ₹	<b>As at 31.03.2013</b> ₹
<b>Opening Stock</b>		
Finished Goods	<b>1,083,246</b>	624,733
Work in Progress	<b>1,465,116</b>	718,037
	<b>2,548,362</b>	1,342,770
<b>Closing Stock</b>		
Finished Stock	<b>1,075,533</b>	1,083,246
Work in Progress	<b>322,189</b>	1,465,116
	<b>1,397,722</b>	2,548,362
(Increase)/Decrease in Stock of Finished & Semi Finished Stock	<b>1,150,640</b>	(1,205,592)
<b>NOTE 2.22 EMPLOYEE BENEFIT EXPENSES</b>	<b>As at 31.03.2014</b> ₹	<b>As at 31.03.2013</b> ₹
Salaries, Wages & Allowances	<b>7,826,010</b>	7,321,716
Bonus Allowance	<b>262,606</b>	300,005
Contribution to Provident and Other Fund	<b>298,763</b>	305,951
Staff Welfare Expenses	<b>284,582</b>	322,077
Remuneration to Directors	<b>2,040,000</b>	1,210,000
<b>TOTAL</b>	<b>10,711,961</b>	9,459,749

As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

### Defined Contribution Plan

Contribution to Defined Contribution Plans, recognized as expense for the year is as under;

	<b>2013 - 2014</b>	<b>2012 - 2013</b>
Employer's Contribution to Provident Fund	224,054	219,883

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust (Life Insurance Corporation of India) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

**NOTES FORMING PART OF THE ACCOUNTS**

<b>Assumptions</b>	<b>As on 31.3.2014</b>	<b>As on 31.3.2013</b>
Discount Rate	<b>8%</b>	8%
Salary Escalation	<b>5%</b>	5%
<b>Table Showing changes in present value of obligations</b>		
Present value of obligations as at the beginning of the year	<b>315,599</b>	202,675
Interest Cost	<b>25,248</b>	16,214
Current Service cost	<b>53,445</b>	33,702
Benefits paid	<b>(94,573)</b>	(54,375)
Actuarial (Gain)/Loss on obligation	<b>(63,055)</b>	117,383
Present value of obligations as at the end of the year	<b>236,664</b>	315,599
<b>Table Showing Changes in the fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	<b>115,587</b>	157,860
Expected return on plan assets	<b>15,201</b>	12,102
Contributions	<b>157,860</b>	-
Benefits paid	<b>(94,573)</b>	(54,375)
Actuarial Gain/(Loss) on obligation	<b>NIL</b>	NIL
Fair value of plan assets as at the end of the year	<b>194,075</b>	115,587
<b>Table Showing fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	<b>115,587</b>	157,860
Actual return on plan assets	<b>15,201</b>	12,102
Contributions	<b>157,860</b>	-
Benefits paid	<b>(94,573)</b>	(54,375)
Fair value of plan assets as at the end of the year	<b>194,075</b>	115,587
Funded Status	<b>(42,589)</b>	(200,012)
Excess of Actual over estimated return on plan assets	<b>NIL</b>	NIL
(Actual Rate of return=Estimated rate of return as ARD falls on 31st March)		
<b>Actuarial Gain/Loss recognised</b>		
Actuarial (Gain)/Loss for the year- obligations	<b>63,055</b>	(117,383)
Actuarial (Gain)/Loss for the year- plan assets	<b>NIL</b>	NIL
Total Actuarial (Gain)/Loss for the year	<b>(63,055)</b>	117,383
Actuarial (Gain)/Loss recognised for the year	<b>(63,055)</b>	117,383
<b>Amounts to be recognised in Balance Sheet and Profit &amp; Loss Account</b>		
Present Value of obligations as at the end of the year	<b>236,664</b>	315,599
Fair Value of plan assets as at the end of the year	<b>194,075</b>	115,587
Funded Status	<b>(42,589)</b>	(200,012)
Net Asset/(liability) recognised in Balance Sheet	<b>(42,589)</b>	(200,012)
<b>Expenses recognised in statement of profit &amp; loss Account</b>		
Current Service cost	<b>53,445</b>	33,702
Interest Cost	<b>25,248</b>	16,214
Expected return on plan assets	<b>(15,201)</b>	(12,102)
Net Actuarial (Gain)/Loss recognised for the year	<b>(63,055)</b>	117,383
Expenses recognised in statement of profit & loss Account	<b>437</b>	155,197

## NOTES FORMING PART OF THE ACCOUNTS

<b>NOTE 2.23 FINANCE COST</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Interest on Working Capital	<b>9,708,378</b>	9,049,657
Bank Charges	<b>2,239,765</b>	1,968,059
<b>TOTAL</b>	<b>11,948,143</b>	11,017,716
<b>NOTE 2.24 DEPRECIATION</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
Depreciation	<b>1,118,550</b>	1,166,413
<b>TOTAL</b>	<b>1,118,550</b>	1,166,413
<b>NOTE 2.25 OTHER EXPENSES</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
	₹	₹
<b>Manufacturing Expenses</b>		
Electricity Charges	1,321,160	1,532,286
Export Freight & Clearing	373,330	389,234
Factory Expenses	281,511	242,013
Job Work & Labour Charges	3,152,428	4,784,762
Master & Mould Consumed	260,158	233,884
Packing Material	25,016	38,852
Stores, Spares & Consumable Consumed	1,798,725	2,259,505
Water Charges	133,570	128,664
<b>Total (A)</b>	<b>7,345,897</b>	9,609,201
<b>Selling and Distribution Expenses</b>		
Advertisement & Publicity	60,262	98,664
Sales Promotion Expenses	652,975	1,235,070
Discount Allowed	448,145	32,464
<b>Total (B)</b>	<b>1,161,382</b>	1,366,197
<b>Administrative &amp; Other Expenses</b>		
Repairs & Maintainance (Plant & Machinery)	22,872	86,277
Repairs & Maintainance ( Others)	233,548	274,014
Auditors Remuneration	100,000	125,000
Annual General Meeting Expenses	16,000	12,918
Bad Debt W/off	1,125,976	-
Conveyance Expenses	113,311	94,455
Custodian Charges	58,588	70,950
Computer Expenses	98,646	54,109
Insurance Premium	1,579,914	2,103,799
Legal & Professional Charges	541,250	774,500
Listing Fees	140,450	28,090
Loss on Foreign Exchange	-	1,615,031
Loss on Forward Contract	59,772	162,735
Membership & Subscription	24,672	21,105
Office General Expenses	780	27,419
Printing & Stationery	94,096	67,848
Postage & Telephone Expenses	273,042	299,414
Rent, Rates & Taxes	1,230,804	1,406,374
Software Purchase Charges	-	14,300
Security Charges	427,438	415,848
Travelling Expenses	234,437	326,278
<b>Total (C)</b>	<b>6,375,596</b>	7,980,465
<b>TOTAL (A+B+C)</b>	<b>14,882,875</b>	18,955,863

\* Sales Promotion Expenses include Foreign Travelling Expenses & Sales Commission

**NOTES FORMING PART OF THE ACCOUNTS**

	2013 - 2014	2012 - 2013
<b>Increase/ (Decrease) in value of Master &amp; Mould</b>		
Opening Stock	545,730	654,047
Add: Purchase	104,664	125,567
Less : Closing Stock	390,236	545,730
Consumption	260,158	233,884
<b>Increase/ (Decrease) in value of Stores, Spares &amp; Consumables</b>		
Opening Stock	968,359	1,553,474
Purchases	1,147,788	1,674,391
Less: Closing Stock	317,422	968,359
Consumption	1,798,725	2,259,505
<b>Payment to Auditors as</b>		
Auditor		
Statutory Audit Fees	100,000	100,000
Tax Audit Fees	50,000	50,000
	150,000	150,000
<b>Expenditure in Foreign Currency</b>		
Travelling	272,437	248,481
	272,437	248,481
<b>Value of Import On CIF Basis</b>		
Raw Materials	387,707,465	135,958,305
Finished Goods	101,176,287	344,894,078
Stores & Spares	1,261,452	1,931,692
	490,145,203	482,784,075
<b>Working of Earning per Share</b>		
<b>Before Extra Ordinary Items</b>		
Profit After Tax	1,514,883	10,242,483
Basic No. of Equity Shares of Face Value ₹ 10/- each	7,880,000	7,880,000
EPS Basic ₹	0.19	1.30
Diluted No. of Equity Shares of Face Value ₹ 10/- each	8,256,111	8,309,000
EPS Diluted ₹	0.18	1.23
<b>After Extra Ordinary Items</b>		
Profit After Tax	1,514,883	10,242,483
Basic No. of Equity Shares of Face Value ₹ 10/- each	7,880,000	7,880,000
EPS Basic ₹	0.19	1.30
Diluted No. of Equity Shares of Face Value ₹ 10/- each	8,256,111	8,309,000
EPS Diluted ₹	0.18	1.23
<b>EARNING IN FOREIGN EXCHANGE</b>		
Export of Goods Calculated on FOB Basis	515,862,412	520,513,545



## NOTES FORMING PART OF THE ACCOUNTS

### NOTE 2.26 RELATED PARTY DISCLOSURES :

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

#### NAME OF RELATED PARTIES

##### Associates

Kamya Impex Pvt. Ltd.

##### Key Management Personnel

Gaurav Doshi

Ronak Doshi

##### Relative

Mahindra B. Doshi

#### RELATED PARTY TRANSACTIONS

Nature of Transaction	2013-14 (2012-13)	
	Associates	Key Management Personnel / Relative
<b>Transactions during the year</b>		
Loan Received	Nil	Nil
(Previous Year)	Nil	(150,000)
Re-payment of Loan	Nil	2,447,000
(Previous Year)	Nil	(1,000,000)
Salary	Nil	582,000
(Previous Year)	Nil	(291,000)
Remuneration	Nil	2,112,000
(Previous Year)	Nil	(1,276,000)
Purchase from Trading	104,211,199	-
(Previous Year)	(12,222,942)	-
Sales for Trading	13,012,480	-
(Previous Year)	-	-
<b>Balances at the year end:</b>		
Payable	Nil	172,000.00
(Previous Year)	(12,679,069)	(110,000)
Unsecured Loans	Nil	Nil
(Previous Year)	Nil	(2,447,000)

As per our Report of even date attached

For Ashok Bairagra & Associates

Chartered Accountants

Firm Reg. No. 118677W

Ashish Jalan

Partner

Membership No. : F-125707

Place: Mumbai

Dated: 30th May, 2014

For and on behalf of the Board of Directors

Gaurav Doshi

Chairman &

Managing Director

Ronak Doshi

Whole Time Director

& CFO





## NEOGEM INDIA LIMITED

CIN: L36911MH1991PLC063357

Registered office: G/32, Gems and Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai - 400 096.

### ATTENDANCE SLIP

**Please fill Attendance Slip and hand it over at the entrance of the meeting hall.** Joint shareholders may obtain additional Attendance Slip on request.

**Master Folio No.:** ..... **No. of Shares held:** .....

**DP ID:** ..... **Client ID:** .....

**Mr./Ms./Mrs.:** .....

**Address:** .....

I hereby record my presence at the **TWENTY-THIRD ANNUAL GENERAL MEETING** of the Company held on Tuesday, the 30<sup>th</sup> September 2014 at 1.30 p.m. at **Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093.**

\_\_\_\_\_  
(Proxy's Name in Block letters)

\_\_\_\_\_  
(Member's /Proxy's Signature#)

# Strike out whichever is not applicable



NEOGEM INDIA LIMITED

CIN: L36911MH1991PLC063357

Registered office: G/32, Gems and Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai - 400 096.

Form No. MGT-11

Proxy form

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

23rd Annual General Meeting- September 30, 2014

Name of the Member(s):

Registered Address:

Email:

Folio no. / Client ID:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name:..... Email Id: ..... Address: .....

Signature:....., or failing him/her

2. Name:..... Email Id: ..... Address: .....

Signature:....., or failing him/her

3. Name:..... Email Id: ..... Address: .....

Signature:....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on the 30th day of September 2014 at 1.30 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093 and at any adjournment thereof in respect of such resolutions as are indicated below:

Table with 2 columns: Res. No., Resolution. Rows include Ordinary Business (Adoption of Balance Sheet, Director appointment) and Special Business (Independent Director appointments).

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of shareholder

Signature of Proxy holder(s)

Affix revenue stamp ₹ 1.00/-

Note:

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.







## **Important Communication to Members**

To support the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs, members are requested to register their e-mail address with their Depository Participants or send an e-mail to the Company on **investors@neogemindia.com**

We look forward to your co-operation in the protection of our environment.

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.