

# NEOGEM INDIA LIMITED

*Always Innovative*

*Annual Report 2020 - 2021*

**BOARD OF DIRECTORS**

|                     |                   |                                     |
|---------------------|-------------------|-------------------------------------|
| Mr. Gaurav M. Doshi | (DIN: 00166703) - | Chairman & Managing Director        |
| Mr. Ronak Doshi     | (DIN: 00102959) - | Whole Time Director & CFO           |
| Mrs. Renu Kathuria  | (DIN: 01669882) - | Non- Executive Independent Director |

**COMPANY SECRETARY**

Mr. Pratik Rajendra Koralwala  
(Upto 23 October 2020)

**STATUTORY AUDITORS**

M/s. D S Solanki & Co.  
Chartered Accountants, Mumbai.

**SECRETARIAL AUDITORS**

M/s. Hemanshu Kapadia & Associates  
Practicing Company Secretaries, Mumbai

**REGISTRAR & TRANSFER AGENT**

M/s. Link Intime India Private Limited  
C-101,247 Park L B S Marg,  
Vikroli (West) Mumbai-400 083  
Tel: 022 49186270 Fax: 022 49186060

**REGISTERED OFFICE**

G-32, Gems & Jewellery Complex III,  
Seepz (SEZ), Andheri (East),  
Mumbai-400096  
Tel.: (91-22) 2829 1123

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To  
The Members,  
**NEOGEM INDIA LIMITED**

**Notice** is hereby given that the **30<sup>th</sup> (Thirty) Annual General Meeting (“AGM”)** of the Members of **NEOGEM INDIA LIMITED** will be held on Thursday, **30<sup>th</sup> September, 2021** at **09:30 a.m., IST through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)** to transact the following business. The Venue of the meeting shall be deemed to be the registered office of the Company at G-32, Gems & Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai-400096

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Financial Statement comprising of Balance Sheet as at 31st March 2021, Statement of Profit and Loss for the year ended on that date, Cash Flow Statement and the Notes together with the Board’s Report and Auditor’s Report thereon.
2. To appoint a Director in place of Mr. Gaurav Mahindra Doshi (DIN: 00166703) who retires by rotation and being eligible, offers himself for re-appointment.

**By Order of the Board of Directors  
For Neogem India Limited,**

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

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

Date: 14<sup>th</sup> August, 2021  
Place: Mumbai

**Registered Office:**  
G-32, Gems & Jewellery Complex III,  
Seepz (SEZ), Andheri (East), Mumbai-400096

CIN: L36911MH1991PLC063357

## NOTES:

- a) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has, vide its circular dated May 5, 2020, read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) followed by Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the said provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM and Members can attend and participate in the ensuing AGM through VC/OAVM.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 23rd September, 2021 to Thursday, 30th September, 2021, inclusive of both the days.
- c) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the above-mentioned MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM Facility and e-Voting during the AGM. Participation of members through VC / OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Act.
- d) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting.nsdl.com> by using their remote e-voting login credentials and selecting the EVEN for Company’s AGM.
- e) Members, who do not have the User ID and Password for e-voting or have forgotten the User ID and Password, may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login, for logging into the e-voting system of NSDL.
- f) Facility of joining the AGM through VC / OAVM **shall open 20 minutes before** the time scheduled for the AGM and will be available to at least 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- g) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- h) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs (MCA) dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with M/s. National Securities Depository Limited (NSDL), for facilitating voting through electronic means, as the authorized agency. National Securities Depository Limited (NSDL) will be providing facility for

voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

- i) The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting with necessary user id and password is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 30th AGM being held through VC.
- j) Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
- k) Corporate Members intending to appoint their authorised representatives to attend the AGM, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s), authorised under the said resolution to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to [scrutinizer@hkacs.com](mailto:scrutinizer@hkacs.com).
- l) In line with the MCA Circulars, the notice of the 30th AGM along with the Annual Report 2020-21 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/RTA/Depositories. Members who have not registered their email address are requested to get it registered as mentioned in point O (viii).
- m) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, we hereby request the Members to note that the documents viz. Annual Report, AGM Notice, etc. will also be uploaded on the website of the Company viz. [www.neogemindia.com](http://www.neogemindia.com), and on the website of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- n) AGM is being / will be convened through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
- o) Members are requested to:
  - i. Intimate the RTA, immediately about any change in their addresses, if the shares are held in Physical form. If the shares are held in electronic form, then such change is to be informed to the Depository Participant (DP) and not to the Company / RTA.
  - ii. Quote Registered Folio Number or Client ID-DP ID in all the correspondence with the Company / RTA.
  - iii. Approach RTA of the Company for consolidation of Folios, if any / required.
  - iv. Avail Nomination facility by filling and forwarding the nomination form to RTA, if not already done, if the shares are held in Physical form.
  - v. Please note that pursuant to SEBI Circular dated 3rd December, 2018, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository, with effect from 1st April, 2019.
  - vi. Send all the physical share transfer lodgments (only in case of transmission or transposition) and correspondence to RTA of the Company located at the following address ideally up to / on or before the date of the book closure:-

**M/s. Link Intime India Private Limited**

C-101,247 Park L B S Marg,

Vikroli (West) Mumbai-400 083

Tel: 022 49186270 Fax: 022 49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

- vii. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all securities holders. Members holding shares in physical mode are, therefore, requested to submit their PAN and Bank Account Details to the RTA, by sending a duly signed letter along with a self-attested copy of PAN Card and original cancelled cheque or copy of bank passbook / statement, attested by the bank. Members holding shares in Demat form are requested to submit the aforesaid information to their respective Depository Participant.
- viii. To support the 'Green Initiative', Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the RTA / Company in case the shares are held by them in physical form.
- p) Trading and settlement of the Company's shares through Stock Exchange(s) has been made compulsorily in Demat (Electronic) form, with effect from 08th May, 2000. The Members are, once again, requested, in their own interest, to dematerialize their shareholding in the Company, if not already done.
- q) Members are informed that in case joint holders attend the Meeting, only such joint holder, who is first in the order of Joint names, will be entitled to vote.
- r) Non-Resident Indian (NRI) Members are requested to inform the Company / RTA, the following immediately:
- i) Change in the residential status on return to India for settling permanently, if any / applicable.
  - ii) Particulars of NRE Bank Account maintained in India, with complete name & address of the Bank, if not furnished earlier.
- s) Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance and Secretarial standards, the particulars of the Directors being appointed/re-appointed are included in the Notice as Annexure to Item No. 2 of the Notice.
- t) As the 30th AGM is being held through VC, the route map is not annexed to this Notice.
- u) Voting through electronic means:
- i) In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014, as amended by the Companies (Management & Administration) Amendment Rules, 2015 & Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the Members a facility to exercise their right to vote on resolutions, proposed to be considered at the 30th Annual General Meeting (AGM), by electronic means through e-Voting Services. The facility of casting votes by the Members using an electronic voting system from a place other than the venue of the AGM ('remote e-voting') will be provided by M/s. National Securities Depository Limited (NSDL).
  - ii) The Members, who have cast their votes by remote e-voting prior to AGM, may also attend the AGM through VC/OVAM, but shall not be entitled to cast their votes again.
  - iii) The remote e-voting period commences on Monday, 27th September, 2021 (09:00 am IST) and ends on Wednesday, 29th September, 2021, (05:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date of Thursday, 23rd September, 2021, may cast their votes by remote e-voting. The remote

e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- iv) The process and manner of remote e-voting is as under: The way to vote electronically on NSDL e-Voting system consists of “Two Steps”, which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details of Step 1 are given below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the URL: <https://www.evoting.nsdl.com/> either on a Personal Computer / Laptop or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login”, which is available under ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code, as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL e-services, after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members, who hold shares in demat account with NSDL.    | 8 Character DP ID followed by 8 Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.     |
| b) For Members, who hold shares in demat account with CDSL.    | 16 Digit Beneficiary ID For example: if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number, registered with the Company. For example: if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password will be as under:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’, which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will mandate you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in / with your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to / received by you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account,

last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details / Password?" (If you are holding shares in demat account with NSDL or CDSL) option available on <https://www.evoting.nsdl.com/>
  - b) Click on "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number / folio number, PAN, Name and Registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting their votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" (after reading) by selecting on the check box.
8. Then click on "Login" button.
9. After clicking on the "Login" button, Home page of e-Voting will open.

**Details of Step 2 are given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After clicking on Active Voting Cycles, you will be able to see all the Companies "EVEN", in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify / modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm", when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you, by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter, etc. with attested



specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [scrutinizer@hkacs.com](mailto:scrutinizer@hkacs.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

2. It is strongly recommended not to share your password with anyone and take utmost care in keeping your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on <https://www.evoting.nsdl.com/> to reset the password.
3. In case of any queries, you may refer to either the Frequently Asked Questions (FAQs) for Shareholders or e-voting user manual for Shareholders available at the download section of on <https://www.evoting.nsdl.com/> or call on toll free no.: 1800- 222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
4. The shareholders, whose email ids are not registered with the depositories, can procure user id & password and register their email ids for e-voting on the resolutions set out in this notice, is as under:
  - In case shares are held in physical mode / form, please provide Folio No., Name of the shareholder, scanned copy of the share certificate (front and back side), PAN card (self-attested scanned copy ), Aadhar Card(self-attested scanned copy ) by email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
  - In case the shares are held in demat mode, please provide DPID-Client ID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN Card (self attested scanned copy), Aadhar Card (self attested scanned copy) to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
5. You can also update your contact number and e-mail ID in user profile details w.r.t. your Folio, which may be used for sending future communication(s).
6. The instructions for Members for E-Voting on the Day of the 30th AGM are as under:
  - The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
  - Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
  - Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
  - The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
7. Instructions for Members for attending the AGM through VC / OAVM are as under:
  - Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members, who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute

rush. Further, members can also use the OTP based login for logging into the e-Voting system of NSDL.

- Members are encouraged to join the Meeting through Laptops for better experience.
  - Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.
  - Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - Shareholders, who would like to express their views / have questions, may send their questions in advance mentioning their name Demat account number/folio number, email id, mobile number at [investors@neogemindia.com](mailto:investors@neogemindia.com) during the period Tuesday, 21st September 2021 to Monday, 27th September 2021. The same will be appropriately / adequately replied by the Company.
8. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company, as on the cut-off date i.e. Thursday, 23rd September, 2021. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the notice and holds shares as of the cutoff date i.e. Thursday, 23rd September, 2021 can obtain the login ID and password, by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

However, if Member(s) are already registered with NSDL for remote e-voting, then Member(s) can use their existing user ID and password for casting the vote.

- v) Mrs. Pooja Jain, (FCS: 8160 and CP: 9136), Partner of VPP & Associates, Practicing Company Secretaries, Mumbai or failing her Mr. Hemanshu Kapadia (FCS :3477 and CP: 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- w) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at [investors@neogemindia.com](mailto:investors@neogemindia.com) from Tuesday, 21st September 2021 (9:00 a.m. IST) to Monday, 27th September 2021 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- x) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-Voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility. The remote e-Voting module during the AGM shall be disabled by NSDL for voting **20 minutes after the conclusion of the Meeting**.
- y) The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting, who will not be in the employment of the Company and shall submit, not later than 48 (forty eight) hours of the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favor and against, if any, to the Chairman or a person authorized by him / her in writing, who shall countersign

the same and declare the result of the voting forthwith.

- z) All other documents referred to in the accompanying Notice shall be open for inspection by the Members electronically, up to and including the date of the Annual General Meeting of the Company. Members seeking to inspect such documents can send an email to [investors@neogemindia.com](mailto:investors@neogemindia.com) stating their DP ID / Client ID / or Folio No.
  
- aa) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 shall be made available only in electronic form for inspection.
  
- bb) Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) /1800-222-990 or contact – NSDL at /022-24994360 / +91 9920264780 or - NSDL at / 022-24994553/
  
- cc) The Voting Results along with the report of the Scrutinizer shall be placed on the website of the Company, [www.neogemindia.com](http://www.neogemindia.com) and on the website of NSDL, <https://www.evoting.nsdl.com/>, immediately after the declaration of the result, by the Chairman or a person authorized by him / her in writing. The voting results shall also be immediately forwarded to BSE Limited, where the equity shares of the company are listed.

**By Order of the Board of Directors**

**Gaurav Doshi**

**Chairman & Managing Director**

**DIN-00166703**

**Address:** G-32, Gems & Jewellery Complex III,  
Seepz (SEZ), Andheri (E), Mumbai-400096

Date: 14h August, 2021

Place: Mumbai

**Registered Office:**

G-32, Gems & Jewellery Complex III,

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

CIN: L36911MH1991PLC06335

**Annexure to Item no. 2**

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards II issued by ICSI]:

|   |  |
|---|--|
| <b>Name</b>   | <b>Mr. Gaurav Doshi</b>  |
| Date of Birth   | 30/12/1976   |
| Age   | 44 years   |
| Nationality   | Indian   |
| Qualification   | B.Com. from University of Mumbai   |
| Nature of Expertise   | He has a vast experience in Finance, Administration and Operations.                    |
| Date of 1st appointment on the Board of the Company                           | 22/10/1999   |
| Number of meetings of the Board attended during the year                      | 5  |
| Experience  | 25 Years   |
| Name of other Public Companies in which holds Directorship                    | Nil  |
| Name of other Companies in Committees of which holds Membership/ Chairmanship | Nil  |
| Terms and conditions of the appointment                                       | Liable to retire by rotation and offers himself for reappointment.                     |
| Shareholding in Neogem India Limited  | 8,70,800   |
| Relationship with Directors, Managers or other KMP                            | Related to Mr. Ronak Doshi (DIN-00102959), Whole-time Director-cum-CFO of the Company. |
| Last Remuneration drawn   | Nil  |

## BOARD'S REPORT

To,  
The Members,  
**Neogem India Limited**

The Directors presents the **Thirtieth Annual Report** of the Company and the Audited Statements of Accounts for the financial year ended 31<sup>st</sup> March, 2021.

**1. Financial Summary or highlights/performance of the Company:**

The financial highlights of the Company, for the year ended March 31, 2021 is summarized below:

|            |   | (Rs.)                              |                                    |
|------------|---|------------------------------------|------------------------------------|
| Sr. No.    | Particulars   | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
| 1.1        | Revenue from Operations   | -                                  | -                                  |
| 1.2        | Other Income  | 7,56,004                           | 19,45,043                          |
| 1.3        | Total Expenditure   | 67,84,219                          | 33,56,104                          |
| <b>1.4</b> | <b>Profit for the year before tax</b>                                 | <b>-60,28,215</b>                  | <b>-14,11,061</b>                  |
| 1.5        | Less: Current Tax   | 0                                  | 0                                  |
|            | Deferred Tax  | -                                  | -                                  |
| <b>1.6</b> | <b>Profit After Tax &amp; before Other comprehensive income (OCI)</b> | <b>-60,28,215</b>                  | <b>-14,11,061</b>                  |
| 1.7        | Other comprehensive income  | 0                                  | 0                                  |
| 1.8        | Other comprehensive income for the year, net of tax                   | 0                                  | 0                                  |
| <b>1.9</b> | <b>Profit after Tax (PAT) &amp; after OCI</b>                         | <b>-60,28,215</b>                  | <b>-14,11,061</b>                  |

During the year under review, there was no revenue from operational activity. The Company has stopped its production activities since Jan 2018. The Company has suffered a loss of Rs. **60,28,215/-** in the financial year 2020-21.

Further, due to financial crunch, the Company could not repay the working capital loan (secured) to Punjab National Bank and Bank of India, accordingly, the accounts of the Company has been classified as non-performing assets by the respective banks with effect from 31-03-2016. Pending confirmation received of the amount payable to Banks, the Company has not provided for interest payable in the financial statement till 31-03-2021, since the same is not quantifiable and accordingly, the loss for the year is understated to that extent.

The management is putting in its best efforts to revive the Company's business and is hopeful of restoring the same in upcoming years.

**2. Dividend:**

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended 2020-21.

**3. Reserves:**

The Board does not propose to carry any amounts to reserves.

**4. Brief description of the Company's working during the year/ state of Company's affair:**

The Company has currently stopped production of Jewellery. Due to fierce competition and adverse market conditions, the business could not survive. The current COVID-19 pandemic has added furthermore threat to the Company's business. However, the management is putting in every effort to revive the business.

**5. Change in the nature of business, if any:**

During the year, there was no change in nature of business.

**6. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report:**

No material changes have occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of the report.

**7. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

However, the management hereby informs that the Bank accounts of the Company have been frozen by the Dy. Commissioner of Sales Tax, Maharashtra since 22<sup>nd</sup> March 2021.

**8. Details of Holding/Subsidiary/Joint Ventures/Associate Companies:**

The Company did not have any Holding/Subsidiary Company/Joint Venture/Associate Company during the year under review. Accordingly, the following disclosures are not applicable:

- Form AOC-1 pursuant to first proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rules, 2014) under section 134 of the Companies Act, 2013, in Form AOC – 1.
- Highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company pursuant to Rule 8(1) of the Companies (Accounts) Rules, 2014) under section 134 of the Companies Act, 2013.
- Receipt of commission from any holding company or subsidiary company by a Director of the Company.

**9. Auditors Report:**

There are no observations/ qualifications contained in the Auditors' Report and therefore there are no explanations to be provided for in this report. However, your Directors wish to state that with reference to the Opinion of the Auditor, though the Company has stopped its manufacturing activity, the management is putting in best efforts to bring a turn around and is hopeful of successful revival and thus, the annual accounts are prepared on a going concern basis.

**10. Statutory Auditors:**

At the 26<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2017, M/s. D S Slinky & Co, Chartered Accountants (Firm Registration No.124118W) were appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 31<sup>st</sup> Annual General Meeting, to be held in the calendar year 2022.

**11. Reporting of fraud by statutory auditors:**

Further, there was no fraud reported by statutory auditors of the Company under sub-section (12) of section 143 of Companies Act, 2013 during the year under review.

**12. Management Discussion And Analysis:**

The Management Discussion and Analysis Report for the financial year under review as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations ("Listing Regulations") is annexed as a part of this Annual Report as **Annexure 1**.

**13. Annual Return:**

Pursuant to Section 92(3) and 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return in Form MGT-7 is placed on website of the Company, at the following <https://www.neogemindia.com/pdf/Form-MGT-7-March-31-2021.pdf> and which shall be treated as part of this Report.

**14. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The information required under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 with respect to conservation of energy, technology absorption & foreign exchange earnings / outgo is given below:

**A. Conservation of energy:****i. The steps taken or impact on conservation of energy:**

Though our operations are not energy- intensive, efforts have been made to conserve energy by utilizing energy- efficient equipment's.

**ii. The steps taken by the Company for utilising alternate sources of energy:**

The Company is using electricity as the main source of energy and is currently not exploring any alternate source of energy.

**iii. The capital investment on energy conservation equipment's:**

N.A.

**B. Technology absorption:****i. The efforts made towards technology absorption:**

The Directors are in constant touch with ongoing research to upgrade and absorb improved technology for better line of products and to yield better quality, cost reduction.

**ii. The benefits derived like product improvement, cost reduction, product development or import substitution:**

Utilisation of indigenous raw material has led to cost reduction.

**iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

No technology has been imported by the Company.

**iv. The expenditure incurred on Research and Development: Nil****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                             | 2020-21 | 2019-20 |
|---|---------|---------|
| Foreign exchange earned on F.O.B. basis | 0.00    | 0.00    |
| Foreign exchange outgo                  | 0.00    | 0.00    |

**15. Directors and Key Managerial Personnel:****A. Changes in Directors and Key Managerial Personnel:**

In accordance with the provisions of the Companies Act, 2013 read with the applicable rules thereto, including any statutory modification(s) or re-enactment thereof for the time being in force ('the Act'), Mr. Gaurav Doshi, who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for appointment.

Brief resume of the director proposed to be re-appointed and relevant information including nature of his expertise in specific functional areas, qualifications, terms of appointment, details of remuneration, names of the Companies in which he holds directorship and the memberships/chairmanships of Committees of the

Board, his shareholding in the Company, etc., as stipulated under the Listing Regulations and Secretarial Standards have been furnished separately in the Notice convening this AGM.

Further, the Whole-time Company Secretary Mr. Pratik Rajendra Koralwala (ACS No. A45594), resigned as the Company Secretary & Compliance Officer of the Company w.e.f. 23<sup>rd</sup> October, 2020.

**B. Statement on Independent Directors' declaration and disclosure of disqualification by the Directors:**

The Company has received the declarations u/s 149(7) of the Act from the Independent Director, Mrs. Renu Kathuria (DIN: 01669882) of the Company confirming that she meets the criteria of Independence as prescribed both under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ['Listing Regulations'] and in the opinion of the Board of Directors, the Independent Director fulfill the criteria of independence as provided under the Act, rules made thereunder, read with the Listing Regulations and that she is independent of the management. In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Director of the Company has confirmed that she has registered herself with the databank maintained by The Indian Institute of Corporate Affairs at Manesar (IICA).

**C. Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, of individual Directors as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders' Relationship Committees. The Directors were evaluated on aspects such as attendance and contribution at Board and Committee meetings, communicating inter se board members and guidance and support to the management outside Board and Committee meetings. The Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

**D. Directors:**

**i. Independent Director:**

In accordance with the criteria suggested by the Nomination and Remuneration Committee, the performance of independent director was evaluated by the entire Board of Directors (in the absence of the director getting evaluated) on various parameters like engagement, leadership, analysis, decision making, communication, governance, interest of stakeholders, etc. The Board was of the unanimous view that the Independent Director is a reputed professional and brought her rich experience to the deliberations of the Board. The Board also appreciated the contribution made by the Independent Director in guiding the management to achieving higher growth and continuance of the independent director on the Board will be in the interest of the Company.

**ii. Non-Independent Directors:**

The performance of all the non-independent directors was evaluated by the Independent Director. Further, their performance was also evaluated by the Board of Directors. Various criteria considered for the purpose of evaluation included leadership, engagement, transparency, analysis, decision making, functional knowledge, governance, stakeholders etc. The Board was of the unanimous view that all the non-independent directors were providing good business and people leadership.

**iii. Familiarization Programme to Independent Director:**

Since the company comes under the exception case as per Regulation 15(2) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company does not have to conduct such programme. However, on appointment of any Director as well as in every Board Meeting, the Directors are periodically updated about the business model, their roles and responsibilities as well as financial position and workings of the Company.



**16. Details of Committees of the Board:**

Currently, the Board has 3 Committees: the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. The Composition of various committees and compliances, as per the applicable provisions of the Companies Act, 2013 and the Rules thereunder and Listing Regulations, are as follows:

**A. Audit Committee:**

The Board has constituted an Audit Committee comprising of Mrs. Renu Kathuria(DIN: 01669882), Independent Director as the Chairperson of the Committee, and Mr. Ronak Doshi (DIN: 00102959), Whole-Time Director and CFO and Mr. Gaurav Doshi(DIN-00166703), Managing Director as the members of the Committee.

The recommendations of the Audit Committee are always welcomed and accepted by the Board hence there is no further explanation to be provided for, in this Report and all the major steps impacting the financials of the Company are undertaken only after the consultation of the Audit Committee.

**B. Details of establishment of vigil mechanism for directors and employees:**

The Company has established vigil mechanism pursuant to Section 177(9) of the Companies Act, 2013 for Directors and Employees to report their genuine concerns / instances of any unethical / improper activity, directly to Ms. Renu Kathuria (DIN: 01669882), Chairperson of the Audit Committee, as a Protected Disclosure and has also taken steps to safeguard any person using this mechanism from victimization and in appropriate and exceptional cases.

**C. Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee comprises of Mrs. Renu Kathuria (DIN: 01669882), Independent Director as the Chairperson of the Committee and Mr. Ronak Doshi (DIN: 00102959), Whole-Time Director and CFO as the member of the Committee. The Committee has framed a policy to determine the criteria and qualification for appointment of Directors, positive attributes, independence of Director, attributes for appointment and basis of determination of remuneration and performance evaluation of all the Directors, Key Managerial Personnel and other employees and methods for their sustainability. The detailed policy is also posted onto the website of the Company at the <http://www.neogemindia.com/pdf/Nomination-and-Remuneration-Policy.pdf>

**D. Stakeholder's Relationship Committee:**

The Stakeholder's Relationship Committee comprises of Mrs. Renu Kathuria (DIN 01669882), Independent Director as the Chairperson of the said Committee and Mr. Ronak Doshi (DIN:00102959), Whole-time Director and Mr. Gaurav Doshi(DIN-00166703), Managing Director are the members of the Committee. The role of the Committee is to consider and resolve securities holders' complaint. The meetings of the Committee are held once in a quarter and the complaints are responded within the time frame provided.

**17. Secretarial Auditor and its Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. Hemanshu Kapadia & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2020 -21. The Report of the Secretarial Auditor is annexed herewith as **Annexure 2**. The management's replies to the observations of the Secretarial Auditors are as under:

| Sr. no. | Auditor's Observations   | Reply of Management   |
|---------|--|---|
| 1       | <i>The Company has not appointed Internal Auditor.</i>   | Though the Company has not formally appointed Internal Auditor, in accordance with the size of the Company, the Company has proper internal control systems & procedures in place |
| 2.      | <i>The composition of Audit and Nomination and Remuneration Committee is not as per the Companies Act, 2013.</i>   | The Company is in process of appointing two Non-Executive/ Independent Directors.   |
| 3       | <i>The Company has not appointed Company Secretary as required under Section 203 of the Companies Act, 2013 and as required under Regulation 6 of the SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 a qualified company secretary is not appointed as the Compliance Officer.</i>  | The Company Secretary resigned on 23.10.2020 and the Company is searching for an appropriate candidate  |
| 4.      | <i>The Company has not paid its listing fees for the financial year 2020-21.</i>   | Company has done partially payment  |
| 5       | <i>Under Regulation 5 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company is not maintaining structured digital database with internal checks and controls like time stamping and audit trails of the nature of unpublished price sensitive information (UPSI) and names of persons having UPSI along with other details</i> | The Company is maintaining the same in Excel  |

#### **18. Number of meetings of the Board of Directors:**

The Board of Directors met five (5) times during the Financial Year. The intervening gap between any two meetings was not more than prescribed days under the Companies Act, 2013. Details of dates of Board meeting are as under:

| Sr. No. | Type of Meeting | Date              |
|---------|-----------------|-------------------|
| 1.      | Board Meeting   | July29, 2020      |
| 2.      | Board Meeting   | September01, 2020 |
| 3.      | Board Meeting   | November 11, 2020 |
| 4.      | Board Meeting   | November 28, 2020 |
| 5.      | Board Meeting   | February 11, 2021 |

#### **19. Particulars of loans, guarantees or investments under section 186:**

During the year under review, the Company has not provided any loans, made investments, gave guarantees or subscribed/purchased securities under Section 186 of the Companies Act, 2013.

**20. Particulars of contracts or arrangements with related parties:**

The Company, during the year, has not entered into any transaction, as specified under Section 188(1) of the Companies Act, 2014 with any related parties. Accordingly, the disclosure of Related Party Transactions to be provided under section 134(3)(h) of the Companies Act, 2013, in Form AOC – 2 is not applicable.

**21. Deposits:**

The Company has neither accepted nor invited any deposit from the public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules) 2014.

However, as disclosed in Note No. 20(b) forming part of Balance Sheet, the company is having outstanding balance of unsecured loan of Rs. 35,163,998/- as on 31.03.2021 from Directors of the Company for which proper declaration has been furnished by them as required under Rule 2(viii) of the Companies (Acceptance of Deposits) Rules, 2014 during the period under review.

**22. Voting Rights of Employees:**

During the year under review, the Company has not given loan to any employee for purchase of its own shares as per Section 67 (3) (c) of Companies Act, 2013. Therefore, the Company not required to make disclosure as per Rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014.

**23. Disclosure regarding Issue of Employee Stock Options:**

The Company has not issued shares under employee's stock options scheme pursuant to provisions of Section Rule 12(9) of Companies (Share Capital and Debenture Rules, 2014). So the question does not arise about voting rights not exercised by employee.

**24. Disclosure regarding issue of sweat equity shares:**

The Company has not issued sweat equity shares pursuant to provisions of Section 54 read with Rule 8 of Companies (Share Capital and Debenture Rules, 2014) during the financial year.

**25. Directors' Responsibility Statement:**

Pursuant to Sections 134(3)(c) & 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirm that:

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures, if any;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company & that such internal financial controls are adequate and were operating effectively; and

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**26. Managerial Remuneration:**

A. Details of the remuneration of each director to the median remuneration of the employees of the Company and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable as the Company does not have any employees on its payroll as at 31<sup>st</sup> March 2021 and none of the Directors or Key Managerial Personnel has drawn any remuneration during the financial year 2020-21 except remuneration of Company Secretary whose details Forms part of MGT-7.

B. Details of the top ten employees in terms of remuneration drawn falling within the preview of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as the Company did not have any employee on its payroll except remuneration of Company Secretary whose details Forms part of MGT-7

**27. Report on Corporate Governance:**

As per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, the provisions of Corporate Governance are not applicable to your Company. Thus, the Company is not required to annex Report on Corporate Governance.

**28. Corporate Social Responsibility (CSR):**

In line with the provisions of the Companies Act, 2013 and the rules framed there under with respect to the Corporate Social Responsibility (CSR), your Company is not governed by the provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. So, the Company is not required to formulate a policy on CSR and was not required to constitute a CSR Committee.

**29. Risk Assessment and Management:**

Your Company has a well-defined Risk Management System in place, as a part of its good Corporate Governance practices. Your Company has assigned the ownership of key risks to various Risk Owners and has made the concerned departments and officials responsible for mitigation plans and review of these risks from time to time. All the risks are identified at various departmental levels and suitable mitigation measures are thereafter adopted. These are subjected to a quarterly review by the Board.

**30. Internal Financial Control System and their Adequacy:**

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. The management exercises financial control on the operations through a well-defined budget monitoring process and other standard operating procedures. In addition to the above, the Audit Committee and the Board specifically review the Internal Control and Financial Reporting process prevalent in the Company. Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment and continuous monitoring by functional experts. At the end of the period, the CFO gives a declaration in the appropriate format to certify that the financial statements prepared are accurate and complete in all aspects and that there are no significant issues that can impair the financial performance of the Company.

**31. Secretarial Standards:**

The Company complies with the Secretarial Standards 1 and 2 issued by Institute of Company Secretaries of India.

**32. Disclosure under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013:**

As at 31<sup>st</sup> March 2021, there is only one employee on the payroll of the Company and thus, the Company was not required to constitute Internal Complaints Committee under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

**33. Cost Audit:**

The Company does not fall within the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, therefore no such records required to be maintained.

**34. Other Disclosures/Reporting:**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Details of the Companies who have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.
- c) Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.
- d) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

**35. 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 and look forward to their continuous co-operation.

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

**Gaurav Doshi**

Chairman & Managing Director

**DIN-00166703**

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

**Date: 14th August, 2021**

**Place: Mumbai**

**Registered Office:**

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

**CIN: L36911MH1991PLC063357**

## ANNEXURE - 1 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Introduction

Gems and jewellery industry plays a vital role in the Indian economy as it is one of the largest exporters and contributes a major chunk to the total foreign reserves of the country. India's gems and jewellery industry is one of the largest in the world contributing almost 29% to the global jewellery consumption. India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. The sector plays a significant role in the Indian economy, contributing around 7 per cent of the country's GDP and 15 per cent to India's total merchandise exports. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

### Market size

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to country's foreign reserves. India's gems and jewellery sector is one of the largest in the world, contributing 29 per cent to the global jewellery consumption. The sector is home to more than 300,000 gems and jewellery players. One of the fastest growing sectors, gems and jewellery industry is extremely export oriented and labour intensive.

**However, gems and jewellery exports have been recording a decelerating trends since the beginning of FY2020 on account of various domestic as well as global challenges including rise in import duty on precious stones viz. polished diamonds and coloured gem stones, tightening of lending terms by banks, declining demand from export markets and withdrawal of GSP benefit by USA among others. To add to this, the spread of COVID-19 in key export markets such as USA, Europe, China, Hong Kong and U.A.E. has created further hurdles for this export oriented industry.**

### Investments/Developments

The Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfill their changing demands better than the local unorganised players. Moreover, increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India.

### Government Initiatives

- Indian Government made hallmarking mandatory for Gold Jewellery and Artifacts. A period of one year is provided for implementation i.e. till January 2021.
- The Bureau of Indian Standards (BIS) has revised the standard on gold hallmarking in India from January 2018. The gold jewellery hallmark will now carry a BIS mark, purity in carat and fitness as well as the unit's identification and the jeweller's identification mark. The move is aimed at ensuring a quality check on gold jewellery.
- Gold Monetisation Scheme enables individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.

### KEY ISSUES FACING THE PLAYERS

#### Large Presence of Unorganised Sector

The majority of India's diamond workforce is employed by small units that process diamonds on a job-lot basis. At the low-end, family units process diamonds & makes jewellery. However, the share of the unorganised sector in the Indian Gems Jewellery business is declining.

#### Impact due to Covid 19 Pandemic

The Indian Gem & Jewellery industry has weathered many a storm in the past, but nothing close to the current COVID19 crisis. This is unprecedented, and to gauge the volatility in the industry is beyond imagination leave alone

comprehend the scenario. COVID-19, which took a pandemic shape this March, has completely stalled the Indian gem and jewellery trade.

**There is still a lot of economic uncertainty ahead.** The current crisis could be more severe than 2009, and a double-dip recession is possible. Full recovery and a return to a historic growth trajectory isn't expected until 2022 to 2024. Three factors will impact the pace and shape of the recovery: epidemiology, government policy response, and consumer response.

#### **Outlook**

The Indian GDP growth during the Financial year was the lowest number during the past eleven years. The possibility of a recovery of demand in Financial year has been derailed by COVID-19 led lockdown and the subsequent continued economic slowdown in the country. All the rating agencies are predicting a shrinkage in the country's GDP during the current fiscal. This can have a prolonged negative impact on gold demand because of the possibility of a further reduction in the overall discretionary spend. The volatility in gold prices is also expected to hurt consumer sentiments. Near term prospects for the industry are not too bright owing to the economic slowdown impacting disposable incomes negatively and leading to low consumer sentiments. Gradual recovery is expected from upcoming years onwards, which marks the onset of the festival and wedding season. However, long term prospects for the industry remain stable owing to cultural affinity towards jewellery, especially gold jewellery.

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

#### **Operations:**

Operations: During the year under review, the Company has had no production activities. There is no sale in the current year. Due to stoppage of production, the expenditure has reduced leading to reduction in loss. The Company has suffered a loss of Rs. 60,28,215/- compared to loss suffered in the previous year of Rs. 14,11,061/-. Also the Company's accounts with its banks are in non-performing assets since 2015 leading to stoppage of Company's operations. The Management of the Company has been putting in its best efforts to revive its business operations and mitigate the losses and is hopeful for better results in the coming years.

#### **Internal Controls & their adequacy:**

The Company has in place adequate system of internal control. It has documented procedures covering all financial and operating functions.

#### **Human Resources & Industrial Relations:**

The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility.

The industrial relations scenario remained unchanged throughout the year.

**For and on behalf of the Board of Directors  
For Neogem India Limited,**

**GauravDoshi**

*Chairman & Managing Director*

**DIN-00166703**

G-32, Gems & Jewellery Complex III,  
Seepz (SEZ), Andheri (E), Mumbai-400096

Date: 14<sup>th</sup> August 2021

Place: Mumbai

**Registered Office:**

G-32, Gems & Jewellery Complex III,

Seepz (SEZ), Andheri (E), Mumbai-400096

**CIN:** L36911MH1991PLC063357

**ANNEXURE 2****HEMANSHU KAPADIA & ASSOCIATES**

COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel: 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

**Form No. MR-3****SECRETARIAL AUDIT REPORT****For the Financial year ended March 31, 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule

No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,****The Members,****Neogem India Limited**

G-32, Gems &amp; Jewellery Complex III,

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

CIN: L36911MH1991PLC063357

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Neogem India Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Neogem India Limited (“the Company”) for the financial year ended on 31st March 2021, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;



(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA'), Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company);

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018(**Not Applicable to the Company during the Audit Period as the Company has not issued any new securities**);
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014;**(Not Applicable to the Company during the Audit period)**;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(**Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities**);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(**Not Applicable to the Company during the Audit**); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018(**Not Applicable to the Company during the Audit period**);

(vi) Other laws applicable specifically to the Company namely:

- i. Special Economic Zone Act, 2005 and the Rules made thereunder

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India and as notified by the Central Government, and
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), as amended from time to time.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

**1. The Company has not appointed Internal Auditor as required under Section 138 of the Companies Act, 2013.**

**2. The composition of Audit and Nomination and Remuneration Committee is not as per the Companies Act, 2013.**

**3. The Company has not appointed Company Secretary as required under Section 203 of the Companies Act, 2013 and as required under Regulation 6 of the SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 a qualified company secretary is not appointed as the Compliance Officer.**

**4. The Company has partially paid the listing fees for the financial year 2020-21.**

**5. Under Regulation 5 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company is not maintaining structured digital database with internal checks and controls like time stamping and audit trails of the nature of unpublished price sensitive information (UPSI) and names of persons having UPSI along with other details the company is maintaining the same in excel.**

We further report that the Board of Directors of the Company is constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors except the composition of Audit and Nomination and Remuneration Committee.

As confirmed by management, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were carried out unanimously during the year under review, however, as confirmed by the management, mechanism to capture and record the dissenting members’ views as a part of the minutes, exist.

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

We further report that during the audit period, there were no instances of:

- (i) Public/Rights/ Preferential issue of shares/ debentures/sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger /amalgamation /reconstruction, etc.
- (iv) Foreign technical collaborations.

**For Hemanshu Kapadia & Associates  
Practicing Company Secretaries**

**Hemanshu Kapadia**

Proprietor

C.P. No.: 2285

Membership No.: 3477

UDIN: F003477C000893553

Date: 14th August 2021

Place: Mumbai

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

**HEMANSHU KAPADIA & ASSOCIATES**

COMPANY SECRETARIES

Office No. 12, 14<sup>th</sup> Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai-400 008

Tel 6631 0888/6631 4830

E-mail: hemanshu@hkacs.com

**Annexure to Secretarial Audit Report**

To,

The Members,

**Neogem India Limited**

G-32, Gems &amp; Jewellery Complex III,

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

**CIN:** L36911MH1991PLC063357

Our report of even date is to be read along with the letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required we have obtained the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. Owing to lockdown due to COVID-19 pandemic, we have relied on the scanned copies and management representation provided by the management as physical audit of the documents was not possible.

**For Hemanshu Kapadia & Associates****Hemanshu Kapadia**

Proprietor

C.P. No.: 2285; Membership No.: 3477

UDIN: **F003477C000893553**Date: 14<sup>th</sup> August 2021

Place: Mumbai

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## Independent Auditor's Report

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To the Members of M/s. **NEOGEM INDIA LIMITED**  
**Report on the Standalone Financial Statements**

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### Opinion

We have audited the accompanying financial statements of M/s **NEOGEM INDIA LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements")

Without qualifying our opinion, we draw attention to note 24 of the financial statement relating to cash credit limit from Punjab National Bank and Bank of India for Rs. 10 crore and 5 crore respectively, which has been classified as "Non – Performing Assets" by the lead banker as on 31-03-2016. The company has not received balance confirmation from the bankers as on 31-03-2021. Pending confirmation received the company has not provided for interest payable in the financial statement till 31-03-2021, since the same is not quantifiable and accordingly the loss for the year is understated to that extent.

The company has stopped manufacturing activities since 01-01-2018 and no detailed plans are made available to us regarding commencement of business activity in near future. The company is in the process of restructuring/revival of its business; in view of the management's expectation of the successful outcome of revival of its business the financial statement has been prepared on going concern basis. However in view of the above uncertainty we are unable to comment on the ability of the company to continue as a going concern and the consequential adjustment to the accompanying financial statement if any that might have been necessary had the financial statement been prepared under liquidation basis.

We refer to the outstanding debtor's receivable as reflected in current assets of Rs. 41,10,67,159/- which are outstanding for more than three years. The amounts outstanding are unconfirmed by the parties.

We refer to the outstanding creditor's payable as reflected in current liabilities of Rs. 15,82,47,094/- which are outstanding for more than three years. The amounts outstanding are unconfirmed by the parties.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to

Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibilities for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the afore said financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigation hence no impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There is not required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For D S Solanki & Co**

Chartered Accountants  
Firm Reg. No. 124118W

**Dharmendra S Solanki**

Partner (M. No. F 115223)  
UDIN : 20115223AAAAEQ1948  
Place : Mumbai  
Date : 30<sup>th</sup> June 2021



**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of **NEOGEM INDIA LIMITED** of even date)

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

We have audited the internal financial controls over financial reporting of **NEOGEM INDIA LIMITED** (the “Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

Opinion In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For D S Solanki & Co**

Chartered Accountants  
Firm Reg. No. 124118W

**Dharmendra S Solanki**

Partner (M. No. F 115223)  
UDIN : 20115223AAAAEQ1948  
Place : Mumbai  
Date : 30<sup>th</sup> June, 2021

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

**The annexure referred to in our Independent Auditor's Report to the member of Neogem India Limited for the year ended march 31<sup>st</sup>, March 2021.**

- 1) In respect of the Company's fixed assets:
  - a. the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - c. Not Applicable as the company does not owns immovable properties.
- 2) The physical verification of inventory have been conducted at reasonable intervals by management during the year. The discrepancies noticed on physical verification of inventory as compared to books records were not material
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees, and security, as applicable.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) According to information and explanations given to us and on the basis of our examination of the books of account, and records:
  - a. the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.
  - b. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.
  - c. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) Based on our audit procedure and according to the information and explanations given to us by the management, the Company has defaulted in the repayment of dues to banks. We draw attention to

note 20 of the financial statement relating to cash credit limit from Punjab National Bank and Bank of India for Rs. 10 crore and 5 crore respectively, which has been classified as “Non – Performing Assets” by the lead banker as on 31-03-2016. The company has not received balance confirmation from the bankers as on 31-03-2021. Pending confirmation received the company has not provided for interest payable in the financial statement till 31-03-2021, since the same is not quantifiable and accordingly the loss for the year is understated to that extent.

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment of shares during the year under review.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered in to any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

**For D S Solanki & Co**  
Chartered Accountants  
Firm Reg. No. 124118W

**Dharmendra S Solanki**  
Partner (M. No. F 115223)  
UDIN : 20115223AAAAEQ1948  
Place : Mumbai  
Date : 30<sup>th</sup> June, 2021

**Balance Sheet as at 31st March 2021**

(in Rs.)

|                                       | Notes | 31 March 2021      | 31 March 2020      |
|---------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                         |       |                    |                    |
| <b>Non-Current Assets</b>             |       |                    |                    |
| Property, Plant and Equipment         | 3     | 730,539            | 2,459,542          |
| Financial Assets                      | 4     |                    |                    |
| i. Investment                         |       | -                  | -                  |
| Other Non Current Assets              | 5     | 3,090,952          | 2,626,346          |
| <b>Total non-current assets</b>       |       | <b>3,821,491</b>   | <b>5,085,888</b>   |
| <b>Current assets</b>                 |       |                    |                    |
| Financial Assets                      | 4     |                    |                    |
| i. Trade Receivables                  | 4(a)  | 411,067,159        | 411,067,159        |
| ii. Cash and Cash Equivalents         | 4(b)  | 1,643,254          | 1,680,055          |
| iii. Inventories                      | 4(c)  | 1,266,916          | 1,266,916          |
| Other Current Assets                  | 5     | -                  | 497,433            |
| <b>Total Current Assets</b>           |       | <b>413,977,329</b> | <b>414,511,563</b> |
| <b>Total Assets</b>                   |       | <b>417,798,820</b> | <b>419,597,451</b> |
| <b>EQUITY AND LIABILITIES</b>         |       |                    |                    |
| <b>Equity</b>                         |       |                    |                    |
| Share Capital                         | 6(a)  | 81,720,000         | 81,720,000         |
| <b>Other Equity</b>                   |       |                    |                    |
| Reserves and Surplus                  | 6(b)  | - 15,308,254       | - 9,280,039        |
| <b>Total Equity</b>                   |       | <b>66,411,747</b>  | <b>72,439,961</b>  |
| <b>LIABILITIES</b>                    |       |                    |                    |
| <b>Non-Current Liabilities</b>        |       |                    |                    |
| Other Non-Current Liabilities         | 8     | -                  | 558,091            |
| <b>Total Non-Current Liabilities</b>  |       | <b>-</b>           | <b>558,091</b>     |
| <b>Current Liabilities</b>            |       |                    |                    |
| Financial Liabilities                 | 7     |                    |                    |
| i. Borrowings                         | 7(a)  | 179,275,760        | 179,275,760        |
| ii. Trade Payables                    | 7(b)  | 159,589,393        | 159,160,317        |
| iii. Other Financial Liabilities      | 7(c)  | 12,481,657         | 8,160,339          |
| Other Current Liabilities             | 8     | 40,262             | 2,983              |
| <b>Total Current Liabilities</b>      |       | <b>351,387,072</b> | <b>346,599,399</b> |
| <b>Total Liabilities</b>              |       | <b>351,387,072</b> | <b>347,157,490</b> |
| <b>Total Equities and Liabilities</b> |       | <b>417,798,820</b> | <b>419,597,451</b> |

The above Balance Sheet should be read in conjunction with the accompanying notes.

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

Auditors' Report

As per our Report of even date attached

For and on behalf of the Board of Directors

**For D. S. SOLANKI & CO**

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor (Membership No. : 115223)

UDIN: 21115223AAAADC8586

Place: Mumbai

Dated: 30th June 2021

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959

**Profit and Loss Statement for the year ended 31st March 2021**

|   | Notes | Year ended<br>31 March, 2021 | Year ended<br>31 March, 2020 |
|---|-------|------------------------------|------------------------------|
| Revenue from Operations   | 9     | -                            | -                            |
| Other Income  | 10    | 756,004                      | 1,945,043                    |
| <b>Total Income</b>   |       | <b>756,004</b>               | <b>1,945,043</b>             |
| <b>Expenses</b>   |       |                              |                              |
| Cost of Materials Consumed  | 11    | -                            | -                            |
| Purchase of Stock in Trade  |       | -                            | -                            |
| Changes in Inventories of Finished Goods, Stock in Process  |       | -                            | -                            |
| Employee Benefit Expenses   | 12    | 84,096                       | 191,929                      |
| Depreciation and Amortisation Expense   |       | -                            | -                            |
| Other expenses  | 13    | 6,699,286                    | 3,161,952                    |
| Finance costs   | 14    | 837                          | 2,223                        |
| <b>Total expenses</b>   |       | <b>6,784,219</b>             | <b>3,356,104</b>             |
| <b>Profit before exceptional items and tax</b>  |       | <b>(6,028,215)</b>           | <b>(1,411,061)</b>           |
| Exceptional items   |       | -                            | -                            |
| <b>Profit before tax</b>  |       | <b>(6,028,215)</b>           | <b>(1,411,061)</b>           |
| Income tax expense  |       |                              |                              |
| -Current tax  |       | -                            | -                            |
| -Deferred tax   |       | -                            | -                            |
| <b>Total tax expense</b>  |       | <b>-</b>                     | <b>-</b>                     |
| <b>Profit for the year</b>  |       | <b>(6,028,215)</b>           | <b>(1,411,061)</b>           |
| <b>Other comprehensive income</b>   |       | <b>-</b>                     | <b>-</b>                     |
| <b>Other comprehensive income for the year, net of tax</b>  |       | <b>-</b>                     | <b>-</b>                     |
| <b>Total comprehensive income for the year</b>  |       | <b>(6,028,215)</b>           | <b>(1,411,061)</b>           |
| <b>Earnings per equity share for profit from continuing operation attributable to owners of company</b> |       |                              |                              |
| Basic earnings per share (in INR)   | 21    | (0.74)                       | (0.17)                       |
| Diluted earnings per share (In INR)   | 21    | (0.74)                       | (0.17)                       |

The above statement of profit and loss should be read in conjunction with the accompanying notes.

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

Auditors' Report

As per our Report of even date attached

**For D. S. SOLANKI & CO**

Chartered Accountants

Firm Registration No. 124118W

Proprietor (Membership No. : 115223)

UDIN: 21115223AAAADC8586

Place: Mumbai

Dated : 30th June 2021

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

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959

## Cash flow statement

(in Rs.)

|  | Year ended<br>31 March 2021 | Year ended<br>31 March 2020 |
|--|-----------------------------|-----------------------------|
| <b>A Cash Flow from operating activities</b>                                 |                             |                             |
| Profit before income tax including discontinued                              | (6,028,215)                 | (1,411,061)                 |
| Adjustments for  |                             |                             |
| <b>Add:</b>  |                             |                             |
| Finance costs  | 837                         | 2,223                       |
| Non Cash Item:   |                             |                             |
| Fixed Asset W/off  | 1,729,002                   | 440,029                     |
| Depreciation and amortisation expenses                                       | -                           | -                           |
|  | <b>(4,298,375)</b>          | <b>(968,809)</b>            |
| <b>Change in operating assets and liabilities</b>                            |                             |                             |
| (Increase)/decrease in trade receivables                                     | -                           | -                           |
| (Increase)/decrease in other financial assets                                | -                           | -                           |
| (Increase)/decrease in other current assets                                  | 32,826                      | 3,170                       |
| Increase/(decrease) in trade payables  | 429,076                     | (1,538,197)                 |
| Increase/(decrease) in other financial liabilities                           | 3,800,506                   | 2,504,051                   |
| <b>Cash generated from operations</b>  | <b>4,262,409</b>            | <b>969,024</b>              |
| Income taxes paid  | -                           | -                           |
| <b>Net cash inflow from operating activities</b>                             | <b>(35,967)</b>             | <b>215</b>                  |
| <b>B Cash flow from investing activities:</b>                                |                             |                             |
| Purchase of Fixed Assets   | -                           | -                           |
| <b>Net cash outflow from investing activities</b>                            | <b>-</b>                    | <b>-</b>                    |
| <b>C Cash flow from financing activities</b>                                 |                             |                             |
| Interest on Borrowings   | (837)                       | (2,223)                     |
| Proceeds from Borrowings   | -                           | -                           |
| <b>Net cash inflow (outflow) from financing activities</b>                   | <b>(837)</b>                | <b>(2,223)</b>              |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  | <b>(36,803)</b>             | <b>(2,007)</b>              |
| Add: Cash and cash equivalents at the beginning of the financial year        | 1,680,056                   | 1,682,063                   |
| <b>Cash and cash equivalents at the end of the year</b>                      | <b>1,643,254</b>            | <b>1,680,056</b>            |
| Non Cash Financing and investing activities                                  |                             |                             |
| - Acquisition of property, plant and equipment by means of finance lease-    |                             |                             |
|  |                             |                             |
| <b>Reconciliation of Cash Flow statements as per the cash flow statement</b> |                             |                             |
|  | <b>31 March 2021</b>        | <b>31 March 2020</b>        |
| Cash and cash equivalents  | 1,643,254                   | 1,680,056                   |
| <b>Balances as per statement of cash flows</b>                               | <b>1,643,254</b>            | <b>1,680,056</b>            |

The above statement of cash flows should be read in conjunction with the accompanying notes.

**For D. S. SOLANKI & CO**

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor (Membership No. : 115223)

UDIN: 21115223AAAADC8586

Place: Mumbai

Dated : 30th June 2021

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

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959

**Note 1 : Statement of changes in equity****(A) Equity share capital**

|                                 | No of Equity Share | Amount     |
|---------------------------------|--------------------|------------|
| <b>As at 31 March 2020</b>      | 8,172,000          | 81,720,000 |
| Changes in equity share capital | -                  | -          |
| <b>As at 31 March 2021</b>      | 8,172,000          | 81,720,000 |

**(B) Preference share capital**

|                                 | No of Equity Share | Amount |
|---------------------------------|--------------------|--------|
| <b>As at 31 March 2020</b>      | -                  | -      |
| Changes in equity share capital | -                  | -      |
| <b>As at 31 March 2021</b>      | -                  | -      |

**(C) Other equity**

|   | Reserves and Surplus        |                    |                   |
|---|-----------------------------|--------------------|-------------------|
|   | Share Warrant Forfeited A/c | Securities premium | Retained earnings |
| <b>Balance as at 1st April 2020</b>             | 3,456,000                   | 6,116,000          | (17,440,978)      |
| Addition during the year                        | -                           | -                  | -                 |
| Profit for the period                           | -                           | -                  | (6,028,215)       |
| Other Comprehensive Income                      | -                           | -                  | -                 |
| <b>Total comprehensive income for the years</b> | 3,456,000                   | 6,116,000          | (23,469,193)      |
| Dividend paid                                   | -                           | -                  | -                 |
| <b>Balance as at 31 March 2021</b>              | 3,456,000                   | 6,116,000          | (23,469,193)      |

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

Auditors' Report

As per our Report of even date attached

**For D. S. SOLANKI & CO**

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor (Membership No. : 115223)

UDIN: 21115223AAAADC8586

Place: Mumbai

Dated : 30th June 2021

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

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959



**Notes to financial statements for the year ended March 31, 2021****Note-2****1. Overview of the Company**

Neogem India Limited (herein after refer as “Neogem”) is a public limited company engaged in the business of manufacturing and trading of Gems & Jewellery.

**2. Significant Accounting Policies:****Basis of preparation****a. Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

**b. Historical cost convention**

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities that is measured at fair value;

Investments and other financial assets:

*Classification*

The Company classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those measured at amortized cost.

The Classification depends on the entity’s business model for managing the financial assets and the contractual term of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable Election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

*Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

*Equity instruments*

The Company subsequently measures all equity investments at fair value. Where the Company’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *Impairment of financial assets*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### *De-recognition of financial assets*

A financial asset is derecognised only when:

The group has transferred the rights to receive cash flows from the financial asset or

Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability is recognised when the obligation specified in the contract. Is discharged, completed or expired.

#### **Interest Income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### **Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits with banks and short term highly liquid investments, which are readily convertible into cash and have original maturities of three months or less from the Balance Sheet date.

#### **Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*Recognizing revenue from major business activities*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

*Income from Services*

Revenue from services rendered is recognized as the service is performed based on agreements/ arrangement with concerned parties and revenue from end of the last billing to the balance sheet date is recognized as unbilled revenue.

**Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**Earnings per share***Basic earnings per share*

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition and construction of an asset which takes a substantial period of time to get ready for its intended use are capitalized as a part of the cost of such assets, until such time the asset is substantially ready for its intended use. All other borrowing costs are recognized in the Statement of Profit and Loss in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with borrowing of funds.

Other borrowing costs are expensed in the period in which they are incurred.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

**Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent cost are included in the asset's carrying value amount recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**Depreciation / Amortization**

Depreciation on property, plant & equipment is provided as specified in Schedule II to the Companies Act, 2013.

**Transition to Ind AS**

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Trade and other payables:**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

**For D S Solanki & Co**

Chartered Accountants

Firm Reg. No. 124118W

**Dharmendra S Solanki**

Partner (M. No. F 115223)

UDIN: 20115223AAAAEQ1948

Place : Mumbai

Date : 30<sup>th</sup> June 2021

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

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959

*Notes to financial statements*

(All amounts in INR( in Lakhs ), unless otherwise stated)

**Note 3: Property, plant and equipment**

|  | Freehold Land | Plant and machinery | Electrical Fittings | Interior Works   | Utilities      | Furniture & Fixtures | Factory Equipments | Office Equipments | Air Conditioners | Computers        | Bikes         | Total             |
|--|---------------|---------------------|---------------------|------------------|----------------|----------------------|--------------------|-------------------|------------------|------------------|---------------|-------------------|
| <b>Year ended 31 March 2020</b>                        |               |                     |                     |                  |                |                      |                    |                   |                  |                  |               |                   |
| Opening gross carrying amount                          | 440,029       | 14,093,947          | 941,409             | 5,860,075        | 273,030        | 3,080,226            | 87,871             | 786,363           | 1,313,976        | 2,090,083        | 41,894        | 29,008,903        |
| Opening gross carrying amount                          | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Additions  | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Disposals  | (440,029)     | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | (440,029)         |
| <b>Closing gross carrying amount</b>                   | <b>-</b>      | <b>14,093,947</b>   | <b>941,409</b>      | <b>5,860,075</b> | <b>273,030</b> | <b>3,080,226</b>     | <b>87,871</b>      | <b>786,363</b>    | <b>1,313,976</b> | <b>2,090,083</b> | <b>41,894</b> | <b>28,568,874</b> |
| <b>Accumulated depreciation and impairment</b>         |               |                     |                     |                  |                |                      |                    |                   |                  |                  |               |                   |
| Opening accumulated depreciation                       | -             | 11,816,999          | 912,851             | 5,860,075        | 273,030        | 3,058,075            | 52,364             | 700,527           | 1,313,976        | 2,081,635        | 39,799        | 26,109,332        |
| Depreciation charge during the year                    | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Adjustment   | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Disposals  | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| <b>Closing accumulated depreciation and impairment</b> | <b>-</b>      | <b>11,816,999</b>   | <b>912,851</b>      | <b>5,860,075</b> | <b>273,030</b> | <b>3,058,075</b>     | <b>52,364</b>      | <b>700,527</b>    | <b>1,313,976</b> | <b>2,081,635</b> | <b>39,799</b> | <b>26,109,332</b> |
| <b>Net carrying amount</b>                             | <b>-</b>      | <b>2,276,948</b>    | <b>28,558</b>       | <b>-</b>         | <b>-</b>       | <b>22,151</b>        | <b>35,507</b>      | <b>85,836</b>     | <b>-</b>         | <b>8,448</b>     | <b>2,095</b>  | <b>2,459,542</b>  |
| <b>Year Ended 31 March, 2021</b>                       |               |                     |                     |                  |                |                      |                    |                   |                  |                  |               |                   |
| Opening gross carrying amount                          | -             | 14,093,947          | 941,409             | 5,860,075        | 273,030        | 3,080,226            | 87,871             | 786,363           | 1,313,976        | 2,090,083        | 41,894        | 28,568,874        |
| Opening gross carrying amount                          | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Additions  | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Disposals  | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| <b>Closing gross carrying amount</b>                   | <b>-</b>      | <b>14,093,947</b>   | <b>941,409</b>      | <b>5,860,075</b> | <b>273,030</b> | <b>3,080,226</b>     | <b>87,871</b>      | <b>786,363</b>    | <b>1,313,976</b> | <b>2,090,083</b> | <b>41,894</b> | <b>28,568,874</b> |
| <b>Accumulated depreciation and impairment</b>         |               |                     |                     |                  |                |                      |                    |                   |                  |                  |               |                   |
| Opening accumulated depreciation                       | -             | 11,816,999          | 912,851             | 5,860,075        | 273,030        | 3,058,075            | 52,364             | 700,527           | 1,313,976        | 2,081,635        | 39,799        | 26,109,332        |
| Depreciation charge during the year                    | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| Adjustment   | -             | 1,600,000           | -                   | -                | -              | -                    | 32,626             | 85,836            | -                | 8,448            | 2,095         | -                 |
| Disposals  | -             | -                   | -                   | -                | -              | -                    | -                  | -                 | -                | -                | -             | -                 |
| <b>Closing accumulated depreciation and impairment</b> | <b>-</b>      | <b>13,416,999</b>   | <b>912,851</b>      | <b>5,860,075</b> | <b>273,030</b> | <b>3,058,075</b>     | <b>84,990</b>      | <b>786,363</b>    | <b>1,313,976</b> | <b>2,090,083</b> | <b>41,894</b> | <b>26,109,332</b> |
| <b>Net carrying amount</b>                             | <b>-</b>      | <b>676,948</b>      | <b>28,558</b>       | <b>-</b>         | <b>-</b>       | <b>22,151</b>        | <b>2,881</b>       | <b>-</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>      | <b>730,539</b>    |

**NOTES:**

Contractual obligations : Refer to note no. 20 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

*Notes to financial statements*

(All amounts in INR( in Lakhs ), unless otherwise stated)

**Note 4: Financial assets****Note 4(a) Trade receivables**

|                                    | 31 March 2021      | 31 March 2020      |
|------------------------------------|--------------------|--------------------|
| Trade receivables                  | 411,067,159        | 411,067,159        |
| Less: Allowance for doubtful debts | -                  | -                  |
| <b>Total receivables</b>           | <b>411,067,159</b> | <b>411,067,159</b> |

**Breakup of securities details**

|                                    | 31 March 2021      | 31 March 2020      |
|------------------------------------|--------------------|--------------------|
| Secured, considered good           | -                  | -                  |
| Unsecured, considered good         | -                  | -                  |
| Doubtful                           | 411,067,159        | 411,067,159        |
| <b>Total</b>                       | <b>411,067,159</b> | <b>411,067,159</b> |
| Less: Allowance for doubtful debts | -                  | -                  |
| <b>Total trade receivables</b>     | <b>411,067,159</b> | <b>411,067,159</b> |

**4(b) Cash and cash equivalents**

|  | 31 March 2021    | 31 March 2020    |
|--|------------------|------------------|
| Balances with banks                    |                  |                  |
| - in current accounts                  | 1,643,254        | 1,665,350        |
| Cash on hand                           | -                | 14,704           |
| <b>Total cash and cash equivalents</b> | <b>1,643,254</b> | <b>1,680,055</b> |

**Note 4(c) Inventories**

|                                     | 31 March 2021 |                  | 31 March 2020 |                  |
|-------------------------------------|---------------|------------------|---------------|------------------|
|                                     | Current       | Non-Current      | Current       | Non-current      |
| Inventories                         | -             | 1,266,916        | -             | 1,266,916        |
|                                     | -             | -                | -             | -                |
| <b>Total other financial assets</b> | <b>-</b>      | <b>1,266,916</b> | <b>-</b>      | <b>1,266,916</b> |

**Note 5: Other assets**

|  | 31 March 2021 |                  | 31 March 2020  |                  |
|--|---------------|------------------|----------------|------------------|
|  | Current       | Non-current      | Current        | Non-current      |
| <u>Balances with statutory authorities</u> |               |                  |                |                  |
| Advance Tax & T.D.S                        | -             | 182,972          | 729            | 182,243          |
| VAT Receivable                             | -             | 2,210,895        | -              | 2,210,895        |
| <u>Balances with Others</u>                |               |                  |                |                  |
| Security Deposit                           | -             | 226,655          | -              | 233,207          |
| Other Advances - Appeal Fees               | -             | 470,430          | 496,704        | -                |
| <b>Total other assets</b>                  | <b>-</b>      | <b>3,090,952</b> | <b>497,433</b> | <b>2,626,346</b> |

**Note 6: Equity share capital and other equity****6(a) Equity share capital**

## Authorised Share Capital

|                     | Equity Share     |             | Pref. Share      |        |
|---------------------|------------------|-------------|------------------|--------|
|                     | Number of shares | Amount      | Number of shares | Amount |
| As at 31 March 2020 | 10,000,000       | 100,000,000 | -                | -      |
| As at 31 March 2021 | 10,000,000       | 100,000,000 | -                | -      |

## Issued, Subscribed and Paid up capital

|                     | Equity Share     |            | Pref. Share      |        |
|---------------------|------------------|------------|------------------|--------|
|                     | Number of shares | Amount     | Number of shares | Amount |
| As at 31 March 2020 | 8,172,000        | 81,720,000 | -                | -      |
| As at 31 March 2021 | 8,172,000        | 81,720,000 | -                | -      |

## (i) Movements in equity share capital

|                     | Number of shares | Equity share capital (par value) |
|---------------------|------------------|----------------------------------|
| As at 31 March 2020 | 8,172,000        | 81,720,000                       |
| As at 31 March 2021 | 8,172,000        | 81,720,000                       |

**Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the shareholders will be eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

## (iii) Details of shareholders holding more than 5% shares in the company

|                        | 31 March 2021    |           | 31 March 2020    |           |
|------------------------|------------------|-----------|------------------|-----------|
|                        | Number of shares | % holding | Number of shares | % holding |
| Urvinderpal Attarsingh | 800,000          | 10%       | 800,000          | 10%       |
| Gaurav Doshi           | 870,800          | 11%       | 870,800          | 11%       |
| Rekha Doshi            | 1,089,950        | 13%       | 1,089,950        | 13%       |
| Ronak Doshi            | 870,800          | 11%       | 870,800          | 11%       |

**6(b) Reserve and surplus**

|                                   | 31 March 2021       | 31 March 2020      |
|-----------------------------------|---------------------|--------------------|
| Securities premium reserve        | 6,116,000           | 6,116,000          |
| Retained earnings                 | (24,880,254)        | (18,852,039)       |
| Share Warrant Forfeited account   | 3,456,000           | 3,456,000          |
| <b>Total reserves and surplus</b> | <b>(15,308,254)</b> | <b>(9,280,039)</b> |

## (i) Securities premium reserve

|                        | 31 March 2021    | 31 March 2020    |
|------------------------|------------------|------------------|
| Opening balance        | 6,116,000        | 6,116,000        |
| Proceeds received      | -                | -                |
| <b>Closing Balance</b> | <b>6,116,000</b> | <b>6,116,000</b> |

## (ii) Retained earnings

|                          | 31 March 2021       | 31 March 2020       |
|--------------------------|---------------------|---------------------|
| Opening balance          | (18,852,039)        | (17,440,979)        |
| Add: profit for the year | (6,028,215)         | (1,411,061)         |
| Less Dividend payable    | 0                   | 0                   |
| <b>Closing Balance</b>   | <b>(24,880,255)</b> | <b>(18,852,039)</b> |

## (ii) Share warrant forfeited account

|                        | 31 March 2021    | 31 March 2020    |
|------------------------|------------------|------------------|
| Opening balance        | 3,456,000        | 3,456,000        |
| Add : During the year  | -                | -                |
| <b>Closing Balance</b> | <b>3,456,000</b> | <b>3,456,000</b> |



**Note 7: Financial liabilities****7(a) Borrowings****Non-current borrowings**

|  | 31 March 2021      | 31 March 2020      |
|--|--------------------|--------------------|
| <b>Secured Loan</b>                            |                    |                    |
| Punjab National Bank                           | 99,421,983         | 120,734,483        |
| Bank of India                                  | 36,505,492         | 46,192,992         |
| Interest Payable                               | 12,348,285         | 12,348,285         |
| <b>Unsecured Loan</b>                          |                    |                    |
| Vaitasi Doshi                                  | 31,000,000         | -                  |
| <b>Total non-current borrowings</b>            | <b>179,275,760</b> | <b>179,275,760</b> |
| Less: Current maturities of long term debt     | -                  | -                  |
| Less: Interest accrued (included in note 9(c)) | -                  | -                  |
| <b>Non-Current borrowings</b>                  | <b>179,275,760</b> | <b>179,275,760</b> |

\*The company has obtained Secured Term Loan from Punjab National Bank & Bank of India

**7(b) Trade payables**

|                             | 31 March 2021      | 31 March 2020      |
|-----------------------------|--------------------|--------------------|
| Trade payables              | 159,589,393        | 159,160,317        |
| <b>Total trade payables</b> | <b>159,589,393</b> | <b>159,160,317</b> |

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

\*The Company has not received any information regarding the status under the Micro, Small and Medium Enterprise Development ( MSMED) Act, 2006 and hence disclosures as required under section 22 of the Micro, Small and Medium

(a) Amount due and outstanding to suppliers as at the end of the accounting year

(b) Interest paid during the year;

(c) Interest payable at the end of the accounting year; and

**7(c) Other financial liabilities**

|                          | 31 March 2021     |             | 31 March 2020    |                |
|--------------------------|-------------------|-------------|------------------|----------------|
|                          | Current           | Non-current | Current          | Non-current    |
| Loan From Gaurav Doshi   | 2,352,828         |             | 1,857,490        |                |
| Loan From Ronak Doshi    | 1,811,170         |             | 1,711,170        |                |
| Staff Cost - Payable     | 75                |             | 1,062            |                |
| Rent Payable             | 8,294,079         |             | 4,390,094        |                |
| Water Charges            | 23,505            |             | 3,300            |                |
| Provision for Gratuity   | -                 | -           | -                | 353,248        |
| Leave Encashment Payable | -                 | -           | -                | 204,843        |
| Bonus Payable            | -                 | -           | 197,223          | -              |
| <b>Others Payables</b>   | <b>12,481,657</b> | <b>-</b>    | <b>8,160,339</b> | <b>558,091</b> |

**Note 8: Other liabilities**

|                                | 31 March 2021 |             | 31 March 2020 |             |
|--------------------------------|---------------|-------------|---------------|-------------|
|                                | Current       | Non-current | Current       | Non-current |
| Statutory dues Payables        |               |             |               |             |
| TDS Payable                    | 40,262        | -           | 2,983         | -           |
| <b>Total other liabilities</b> | <b>40,262</b> | <b>-</b>    | <b>2,983</b>  | <b>-</b>    |

**Note 9: Revenue from operations**

|                                | 31 March 2021 | 31 March 2020 |
|--------------------------------|---------------|---------------|
| Sale of Products               | -             | -             |
| <b>Revenue from operations</b> | <b>-</b>      | <b>-</b>      |

**Note 10: Other income**

|                                 | 31 March 2021  | 31 March 2020    |
|---------------------------------|----------------|------------------|
| Interest on Electricity Deposit | -              | 7,281            |
| Small Balance W/back            | 756,004        | 1,937,762        |
| <b>Total other income</b>       | <b>756,004</b> | <b>1,945,043</b> |

**Note 11: Cost of material consumed**

|                                 | 31 March 2021 | 31 March 2020 |
|---------------------------------|---------------|---------------|
| Opening Stock                   | 1,266,916     | 1,266,916     |
| Add: Purchase during the year   | -             | -             |
| Less: Closing Stock             | (1,266,916)   | (1,266,916)   |
| <b>Consumption for the year</b> | -             | -             |

**Note 12: Employee Benefit Expenses**

|  | 31 March 2021 | 31 March 2020  |
|--|---------------|----------------|
| Salaries, Wages & Allowances             | 80,071        | 183,200        |
| Contribution to Provident and Other Fund | 4,025         | 8,425          |
| Staff Welfare Expenses                   | -             | 304            |
|  | <b>84,096</b> | <b>191,929</b> |

**Note 13: Other expenses**

|                                 | 31 March 2021    | 31 March 2020    |
|---------------------------------|------------------|------------------|
| Auditors Remuneration           | 100,000          | 100,000          |
| Computer Expenses               | 3,255            | 10,750           |
| Conveyance Expenses             | -                | 242              |
| Interest on Delay Payment       | 1,371,516        | 878              |
| Legal & Professional Charges    | 751,974          | 401,288          |
| Listing Fees                    | -                | 329,614          |
| ESIC Charges                    | -                | 155,934          |
| Office General Expenses         | 6,777            | -                |
| Postage & Telephone Expenses    | 35,400           | 38,174           |
| Printing & Stationery           | 3,500            | 33,408           |
| Registrar & Filing Fees         | 38,350           | 45,763           |
| Rent, Rates & Taxes             | 1,625,963        | 1,222,608        |
| Repairs & Maintenance ( Others) | 26,274           | 36,353           |
| Service Charges                 | 813,215          | -                |
| Security Charges                | -                | 176,492          |
| Amortization Expenses           | 1,729,002        | -                |
| Sundry Bal. W/off               | -                | 440,029          |
| Annual Maintenance Charges      | -                | 26,787           |
| Other Expenses                  | 5,157            | 28,219           |
| Manufacturing Expenses          | 151,201          | 50,469           |
| Selling & Distribution Expenses | 37,702           | 64,944           |
| <b>Total</b>                    | <b>6,699,286</b> | <b>3,161,952</b> |

**13(a) Details of payments to auditors**

|                            | 31 March 2021  | 31 March 2020  |
|----------------------------|----------------|----------------|
| <b>Payment to auditors</b> |                |                |
| <b>Statutory auditors</b>  |                |                |
| a) Statutory Audit fees    | 100,000        | 100,000        |
| b) Tax Audit fees          | -              | -              |
| <b>Total</b>               | <b>100,000</b> | <b>100,000</b> |

**Note 14: Finance costs**

|              | 31 March 2021 | 31 March 2020 |
|--------------|---------------|---------------|
| Bank charges | 837           | 2,223         |
| <b>Total</b> | <b>837</b>    | <b>2,223</b>  |

*Notes to financial statements***Note 15: Fair value measurements****15(a) Financial instruments by category**

|                                    | <b>31 March 2021<br/>Amortised<br/>cost</b> | <b>31 March 2020<br/>Amortised<br/>cost</b> |
|------------------------------------|---|---|
| <b>Financial assets</b>            |   |   |
| Trade receivables                  | 411,067,159                                 | 411,067,159                                 |
| Cash and cash equivalents          | 1,643,254                                   | 1,680,055                                   |
| Inventory                          | 1,266,916                                   | 1,266,916                                   |
| Other Current assets               | -   | 497,433                                     |
| <b>Total financial assets</b>      | <b>413,977,329</b>                          | <b>414,511,563</b>                          |
| <b>Financial liabilities</b>       |   |   |
| Other Financial liabilities        | 12,481,657                                  | 8,160,339                                   |
| Other Current Liabilities          | 40,262                                      | 561,074                                     |
| Trade payables                     | 159,589,393                                 | 159,160,317                                 |
| <b>Total financial liabilities</b> | <b>172,111,312</b>                          | <b>167,881,730</b>                          |

**15(b) Fair value hierarchy**

No financial instruments are recognised and measured at fair value for which fair values are determined using the judgements and estimates.

During the year there are no financial instruments which are measured at Level 1 and Level 2 category.

The fair value of financial instruments referred above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The categories used are as follows :

Level 1: This hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There are no transfers between the levels during the year.

**Valuation processes :**

For level 3 financial instruments the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

The carrying amounts of all financial assets and liabilities are considered to be the same as their fair values.

*Notes to financial statements***Note 16: Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

**A. Management of Liquidity Risk:**

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the company's credit rating and impair investor confidence.

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the balancesheet date:

|                             | Less than 1 year | 1 to 5 years | More than 5 years | Total       |
|-----------------------------|------------------|--------------|-------------------|-------------|
| Borrowings                  | 31,000,000.00    | 148,275,760  | -                 | 179,275,760 |
| Other Financial liabilities | 4,518,541        | 7,963,116    | -                 | 12,481,657  |
| Trade payables              | 429,076.00       | -            | 159,160,317       | 159,589,393 |

**B. Management of Market risks**

Market risks comprises of:

- price risk; and
- interest rate risk

The company does not designate any fixed rate financial assets as fair value through profit and loss nor at fair value through OCI. Therefore company is not exposed to any interest rate risks. Similarly company does not have any financial instrument which is exposed to change in price.

**C. Management of Credit Risks**

Credit risk is the risk of financial loss to the company if a customer or counter-party fails to meet its contractual obligations.

**Trade receivables**

Concentrations of credit risk with respect to trade receivables are limited, due to the company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis.

Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Company is not exposed to any other credit risks.

**D. Capital Management**

The company considers the following components of its Balance Sheet to be managed capital:

Total equity as shown in the balance sheet includes retained profit and share capital.

The company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. company is not subject to financial covenants in any of its significant financing agreements.

The management monitors the return on capital as well as the level of dividends to shareholders.

*Notes to financial statements***Note 17: Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Director of the Company. The company has identified the company as one reportable segment based on the information reviewed by CODM.

**(a) Description of segments and principal activities**

The Company is engaged in business of renting & leasing. The Company provides services to external customers.

**(b) Segment revenue**

The company operates as a single segment. The segment revenue is measured in the same way as in the statement of profit or loss.

No revenue/sales is generated by the company. Hence the bifurcation for segment wise and region wise bifurcation is NIL

| Segment                      | 31 March 2021                   |                       | 31 March 2020                   |                       |
|------------------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
|                              | Revenue from external customers | Total segment revenue | Revenue from external customers | Total segment revenue |
| Segment                      | -                               | -                     | -                               | -                     |
| <b>Total segment revenue</b> | -                               | -                     | -                               | -                     |

The company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

| Revenue from external customers | 31-Mar-21 | 31-Mar-20 |
|---------------------------------|-----------|-----------|
| India                           | -         | -         |
| Outside India                   | -         | -         |
| <b>Total</b>                    | -         | -         |

## Notes to financial statements

**Note 18: Related party transactions**

In compliance with Ind AS 24 - "Related Party Disclosures", as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies ( Indian Accounting Standards) Amendment Rules, 2016 the required disclosures are given in the table below:

**(a) Name of related parties and related parties relationship**

| Related Parties   | Nature of relation ship |           |
|-------------------|-------------------------|-----------|
|                   | 31-Mar-21               | 31-Mar-20 |
| MR. GAURAV DOSHI  | DIRECOTR                | DIRECOTR  |
| MR. RONAK DOSHI   | DIRECOTR                | DIRECOTR  |
| MRS VAITASI DOSHI | RELATIVE                | RELATIVE  |

**Note 20(b): Related party transactions**

.The Following transactions were carried out with the Related Parties in the ordinary course of business.

| Sr. No. | Nature of Transaction                             | For the year ended 31 March 2021 |                     | For the year ended 31 March 2020 |                     |
|---------|---|----------------------------------|---------------------|----------------------------------|---------------------|
|         |   | MR. GAURAV DOSHI                 | MR. RONAK DOSHI     | MR. GAURAV DOSHI                 | MR. RONAK DOSHI     |
| 1       | <b>Loan Taken during the year</b>                 | 495,338.00                       | 100,000.00          | 408,670.00                       | 928,670.00          |
|         | <b>Balance outstanding at the end of the year</b> |                                  |                     |                                  |                     |
|         | (Payable)   | <b>2,352,828.00</b>              | <b>1,811,170.00</b> | <b>1,857,490.00</b>              | <b>1,711,170.00</b> |
|         | Receivable  | -                                | -                   | -                                | -                   |

| Sr. No. | Nature of Transaction                             | For the year ended 31 March 2021 |  | For the year ended 31 March 2020 |  |
|---------|---|----------------------------------|--|----------------------------------|--|
|         |   | MRS VAITASI DOSHI                |  | MRS VAITASI DOSHI                |  |
|         | <b>Loan Taken during the year</b>                 | 31,000,000.00                    |  | -                                |  |
|         | <b>Balance outstanding at the end of the year</b> |                                  |  | -                                |  |
|         | (Payable)   | <b>31,000,000.00</b>             |  | -                                |  |
|         | Receivable  | -                                |  | -                                |  |

## Notes to financial statements

## Note 19: Earnings per share

|  | 31 March 2021 | 31 March 2020 |
|--|---------------|---------------|
| <b>(a) Basic and diluted earnings per share</b>  |               |               |
| Profit attributable to the equity holders of the company                                   | (6,028,215)   | (1,411,061)   |
| Total basic earnings per share attributable to the equity holders of the company( in Rs.)  | (0.74)        | (0.17)        |
| Total diluted earnings per share attributable to the equity holders of the company(in Rs.) | (0.74)        | (0.17)        |

**(b) Weighted average number of shares used as the denominator**

|  | 31 March 2020<br>No. of shares | 31 March 2019<br>No. of shares |
|--|--------------------------------|--------------------------------|
| Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share | 8,172,000                      | 8,172,000                      |

**Note 20: Note**

The company has availed working capital (Secured ) loans from Punjab National Bank and Bank of India. The accounts has been classified as non performing assets in A. Y. 2016 - 17 by the respective banks vide their letter dated 11-05-2016 with effect from 31-03-2016 due to non service of interest. Further the lead bank Punjab National Bank has initiated action as provided under section 13(4) of the SARFAESI Act 2002.

Cash credit limit from Punjab National Bank and Bank of India for Rs. 10 crore and 5 crore respectively, which has been classified as "Non – Performing Assets" by the lead banker as on 31-03-2016. The company has not received balance confirmation from the bankers as on 31-03-2016, 31-03-2017, 31-03-2018, 31-03-2019 & 31-03-2020. Pending confirmation received the company has not provided for interest payable in the financial statement till 31-03-2019 since the same is not quantifiable and accordingly the loss for the year is understated to that extent.

We refer to the outstanding debtor's receivable as reflected in current assets of Rs. 41,10,67,159/- which are outstanding for more than three years. The amount outstanding are unconfirmed by the parties.

We refer to the outstanding creditor's payable as reflected in current liabilities of Rs. 15,82,47,094/- which are outstanding for more than three years. The amount outstanding are unconfirmed by the parties.

## Notes to financial statements

**Note 21: Offsetting financial assets and financial liabilities**

The following table presents the recognised financial instruments that are offset and other similar agreements but not offset, as at 31 March 2021 and 31 March 2020. The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised.

|                              | Effects of offsetting on the balance sheet |  |  | Related amounts not offset      |                    |
|------------------------------|--|--|--|---------------------------------|--------------------|
|                              | Gross amounts                              | Gross amounts set off in the balance sheet | Net amounts presented in the balance sheet | Financial instrument collateral | Net amount         |
| <b>31-Mar-20</b>             |  |  |  |                                 |                    |
| <b>Financial assets</b>      |  |  |  |                                 |                    |
| Trade receivables            | 411,067,159                                | -  | 411,067,159                                | -                               | 411,067,159        |
| Cash and Cash Equivalent     | 1,643,254                                  | -  | 1,643,254                                  | -                               | 1,643,254          |
| Inventory                    | 1,266,916                                  | -  | 1,266,916                                  | -                               | 1,266,916          |
| Other Current Assets         | -  | -  | -  | -                               | -                  |
| <b>Total</b>                 | <b>413,977,329</b>                         | <b>-</b>                                   | <b>413,977,329</b>                         | <b>-</b>                        | <b>413,977,329</b> |
| <b>Financial liabilities</b> |  |  |  |                                 |                    |
| Trade payables               | 159,589,393                                | -  | 159,589,393                                | -                               | 159,589,393        |
| Other Financial Liabilities  | 12,481,657                                 | -  | 12,481,657                                 | -                               | 12,481,657         |
| Other Current Liabilities    | 40,262                                     | -  | 40,262                                     | -                               | 40,262             |
| <b>Total</b>                 | <b>172,111,312</b>                         | <b>-</b>                                   | <b>172,111,312</b>                         | <b>-</b>                        | <b>172,111,312</b> |
| <b>31-Mar-19</b>             |  |  |  |                                 |                    |
| <b>Financial assets</b>      |  |  |  |                                 |                    |
| Trade receivables            | 411,067,159                                | -  | 411,067,159                                | -                               | 411,067,159        |
| Cash and Cash Equivalent     | 1,680,055                                  | -  | 1,680,055                                  | -                               | 1,680,055          |
| Inventory                    | 1,266,916                                  | -  | 1,266,916                                  | -                               | 1,266,916          |
| Other Current Assets         | 497,433                                    | -  | 497,433                                    | -                               | 497,433            |
| <b>Total</b>                 | <b>414,511,563</b>                         | <b>-</b>                                   | <b>414,511,563</b>                         | <b>-</b>                        | <b>414,511,563</b> |
| <b>Financial liabilities</b> |  |  |  |                                 |                    |
| Trade payables               | 159,160,317                                | -  | 159,160,317                                | -                               | 159,160,317        |
| Other Financial Liabilities  | 8,160,339                                  | -  | 8,160,339                                  | -                               | 8,160,339          |
| Other Current Liabilities    | 2,983                                      | -  | 2,983                                      | -                               | 2,983              |
| <b>Total</b>                 | <b>167,323,639</b>                         | <b>-</b>                                   | <b>167,323,639</b>                         | <b>-</b>                        | <b>167,323,639</b> |

**(a) Offsetting arrangements***(i) Trade receivables and payables*

The group gives volume-based rebates to selected trade customers. Under the terms of the supply agreements, the amounts payable by company are offset against receivables from the trade customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet.



*Notes to financial statements***22. ASSETS PLEDGE AS SECURITY**

The carrying amounts of assets pledged as security for current and non - current borrowings are :

| Particulars                             | 31 March 2021      | 31 March 2020      |
|---|--------------------|--------------------|
| <b>Current Assets</b>                   |                    |                    |
| - Trade Receivables                     | 411,067,159        | 411,067,159        |
| - Inventory                             | 1,266,916          | 1,266,916          |
| <b>Financial Assets</b>                 |                    |                    |
| Property, Plant and Equipment           | 730,539            | 2,459,542          |
| <b>Total Assets pledged as Security</b> | <b>413,064,614</b> | <b>414,793,618</b> |

**Note 23:** Contingent Liability and Commitments Rs. Nil ( Nil)

**Note 24: Previous Year Comparatives:**

Previous Year figures have been regrouped, recast and reclassified where ever necessary to confirm to current year's presentation.

**For D. S. SOLANKI & CO**

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor (Membership No. : 115223)

UDIN: 21115223AAAADC8586

Place: Mumbai

Dated : 30th June 2021

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

**Gaurav Doshi**

Chairman & Managing Director

DIN: 00166703

**Ronak Doshi**

Whole Time Director & CFO

DIN: 00102959

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