



NEOGEM INDIA LIMITED

Always Innovative

ANNUAL REPORT 2011 - 2012



BOARD OF DIRECTORS

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

Shri. Mahindra Doshi - *Executive President*

AUDITORS

M/s. Ashok Bairagra & Associates

Chartered Accountants
Mumbai

BANKERS

Punjab National Bank
Oriental Bank of Commerce

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

M/s. System Support Services

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

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Neogem India Limited

NOTICE

NOTICE is hereby given that the Twenty-first Annual General Meeting of the Members of **Neogem India Limited** will be held on Saturday, 29th September 2012 at 1.30 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, Profit and Loss Account (Statement of Profit and Loss) for the year ended on that date and the Schedules together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Vikas Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Ashok Bairagra & Associates, (having Firm Registration No. 118677W) Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Date : 01st September 2012

Place : Mumbai

Gaurav Doshi

Chairman & Managing Director

Registered Office:

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio Nos. in the attendance slip while attending the meeting for easy identification of attendance at the meeting.
3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22nd September 2012 to Saturday, 29th September 2012 (both days inclusive).
4. Members are requested to :-
 - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2012, so as to enable the Company to keep the information ready.
 - ii. Bring their copy of the Annual Report, Attendance slip and their photo identity proof at the Annual General Meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/ R&TA.
 - iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.
 - v. Approach the R&TA of the Company for consolidation of folios.
 - vi. Avail of Nomination facility by filing in and forwarding the nomination form to the R&TA, if not already done.
 - vii. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s System Support Services located at 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Saki Naka, Andheri (East), Mumbai - 400 072 upto the date of book closure.

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5. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. The Company has listed its shares on the Bombay Stock Exchange Limited. The listing fees till date have been paid.
7. Non-Resident Indian members are requested to inform the Company/ R&TA the following immediately:
 - i. Change in the residential status on return to India for permanent settlement.
 - ii. The particulars of NRE Bank Account maintained in India with complete name and address of the bank, if not furnished earlier.
8. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
9. The Company is supporting “**Green Initiative in Corporate Governance**”, a step taken by the Ministry of Corporate Affairs where in the service of various documents including Notice, Directors’ Report, Annual Accounts and various correspondence by a Company can be made through electronic mode which shall also be in compliance with the provisions of Section 53 of the Companies Act, 1956.

The Company had sent the 20th Annual Report to the members whose email ids were made available in electronic form. To support this initiative in full measure, Members who have not registered their email address with the Depository through their concerned Depository Participants (DPs) are requested to register the same with their DPs. Members who hold shares in physical form are requested to register their email address with M/s System Support Services, Registrar & Share Transfer Agent located at 209, Shivai Industrial Estate, 89, Andheri–Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072.

In case you desire to receive the documents mentioned above in physical form or register or change your email address, you are requested to send an e-mail to investors@neogemindia.com

10. Mr. Vikas Patel, Non-Executive Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A brief profile of Mr. Vikas Patel, pursuant to Clause 49(IV)(g) of the Listing Agreement relating to Corporate Governance is as under:

Name	: Mr. Vikas Patel
Date of Birth	: 03/11/1974
Date of appointment on Board	: 22/03/2002
Qualification	: B. Com from University of Mumbai.
Expertise/ Other Details	: He has a vast experience in the international marketing of diamond studded jewellery.
No. of equity shares held	: Nil
Name of Companies in which he holds Directorship	: Nil
Membership & Chairmanships of committee of Board of other Companies	: Nil
Relationship between Directors Inter-se	: No relation with other Directors

By Order of the Board of Directors

Date : 01st September 2012

Place : Mumbai

Registered Office:

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

Gaurav Doshi
Chairman & Managing Director



DIRECTORS' REPORT

To,

**The Members,
Neogem India Limited**

The Directors present the Twenty-first Annual Report of the Company together with the Audited Statement of Accounts for the year ended **31st March 2012**.

1. FINANCIAL RESULTS:

The financial performance of the Company, for the year ended March 31, 2012 is summarized below:

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Sales Income	8173.79	8200.45
Other Income	367.96	158.51
Profit before Depreciation and Tax	158.38	155.16
(Less): Depreciation	(11.84)	(14.33)
Profit for the year	146.54	140.83
(Less): Exceptional Items	(0.29)	—
Add/(Less): Provision for Taxation	(44.91)	2.44
Profit after Tax	101.35	143.27

2. REVIEW OF OPERATIONS:

The Company registered turnover of ₹ 817,379,494/- in the current year as compared to ₹ 820,044,691/- during the previous year. In spite of decrease in sales, reduction in depreciation amount enabled the Company to earn Profit before tax of ₹ 14,625,466/- as compared to ₹ 14,083,241/- in the previous year. Your Directors expect better performance in future. Business review details are included in Management Discussion and Analysis Report.

3. DIVIDEND:

In view to conserve resources, your Directors do not recommend any dividend for the financial year ended 2011-12.

4. ISSUE OF WARRANTS:

The Company in the Annual General Meeting held on 30th September 2010 obtained approval of members for issue of 15,60,000 warrants on preferential basis to promoters. The Company is awaiting for in-principle from Bombay Stock Exchange for allotment of the same to the promoters. The funds raised through the preferential issue shall be utilized towards working capital requirements.

5. DIRECTORS:

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

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

6. CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the requirements set out by SEBI. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, including the shareholders' information and auditor's certificate on its compliance, forms a part of this Annual Report.



7. AUDITORS REPORT:

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

8. AUDITORS:

The present Statutory Auditors of the Company, M/s. Ashok Bairagra & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter as required under section 224(1B) of the Companies Act, 1956 from M/s. Ashok Bairagra & Associates (having Firm Registration No. 118677W), Chartered Accountants, confirming their eligibility and willingness to act as Statutory Auditors, if re-appointed. The members are requested to appoint the Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

9. INSURANCE:

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

10. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) The Company has followed the applicable accounting standards except AS 15 in the preparation of the Annual Accounts and there has been no material departure except accounts drawn as per revised Schedule VI as per the Companies Act, 1956.
- b) The Directors had selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

11. MANAGEMENT DISCUSSION AND ANALYSIS:

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

12. PERSONNEL:

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

13. FIXED DEPOSITS:

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

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

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

A. Conservation of Energy:

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

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



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B. Technology Absorption, Adaptation and Innovation:

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

C. Foreign Exchange Earnings and Outgo:

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

(Rs. in Lacs)

Particulars	2011-12	2010-11
Foreign exchange earned on F.O.B. basis	8042.39	8062.26
Foreign exchange used	7677.29	7852.51

15. ACKNOWLEDGEMENTS:

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

By Order of the Board of Directors

Date : 1st September 2012

Place : Mumbai

Gaurav Doshi

Chairman & Managing Director

Registered Office:

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



CORPORATE GOVERNANCE REPORT

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

A) MANDATORY REQUIREMENTS:

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

2) BOARD OF DIRECTORS

Composition of the Board:

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

Number of meetings held:

During the year 2011-2012, seven (7) meetings of the Board of Directors were held on 14th May 2011, 30th May 2011, 12th August 2011, 31st August 2011, 14th November 2011, 14th February 2012 and 28th March 2012.

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

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

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

Name of the Director	Category	F.Y. 2011-12 Attendance at		As on the date of this report		
		BM	Last AGM	No. of other Directorships#	Other Committee Positions #	
					Member	Chairman
Mr. Gaurav Doshi	Executive Chairman and Managing Director	7	Yes	1	1	1
Mr. Ronak Doshi	Executive Vice-Chairman and Whole-time Director	7	Yes	Nil	Nil	Nil
Mr. Jayant Nagarkar	Independent and Non-Executive Director	7	No	Nil	Nil	Nil
Mr. Vikas Patel	Independent and Non-Executive Director	7	Yes	Nil	Nil	Nil

For the purpose of considering the number of directorships and committee positions, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign



companies and companies under Section 25 of the Companies Act, 1956, have been excluded and the committees other than Audit Committee and Shareholders'/ Investors' Grievance Committee have been excluded.

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

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

Re-appointment of Director:

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

Responsibilities:

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

Role of Independent Directors:

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

3) AUDIT COMMITTEE

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

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

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

Composition, Number of Meetings and Attendance:

During the financial year 2011-12 under review, five (5) Audit Committee Meetings were held on 14th May 2011, 30th May 2011, 12th August 2011, 14th November 2011 and 14th February 2012.

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

Name of Committee Members	Category	Meetings held during the year	Meetings attended
Mr. Vikas Patel	Independent & Chairman	5	5
Mr. Jayant Nagarkar	Independent Director	5	5
Mr. Gaurav Doshi	Executive Director	5	5

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

Audit Committee shall have the following powers:

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



Role of the Audit Committee shall include the following:

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

Information for Review:

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

4) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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



Composition, Number of Meetings and Attendance:

During the financial year 2011-12 under review, four (4) Shareholders' / Investors' Grievance Committee Meetings were held on 30th May 2011, 12th August 2011, 14th November 2011 and 14th February 2012.

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

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

The Company received only one complaint during the year 2011-12 and the same was resolved in the same quarter itself and thus, no complaints were pending as on 31/03/2012.

5) SHARE TRANSFER COMMITTEE

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

Composition, Number of Meetings and Attendance:

During the financial year 2011-12 under review, four (4) Share Transfer Committee Meetings were held on 30th May 2011, 12th August 2011, 14th November 2011 and 14th February 2012.

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

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

6) REMUNERATION COMMITTEE

Composition, Number of Meetings and Attendance:

During the financial year 2011-12 under review, no Remuneration Committee Meeting was held. The composition of the Remuneration Committee is given hereunder:

Name of Committee Members	Category
Mr. Vikas Patel	Independent & Chairman
Mr. Jayant Nagarkar	Independent Directors

Details of remuneration paid to the Directors during 2011-12 are given below:

Name of the Directors	Directors' Position	Relationship with other Directors	Salary & allowances (Rs.)	Contribution to P.F. (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)
Mr. Gaurav Doshi	Executive Chairman & Managing Director	Related to Mr. Ronak Doshi	6,34,300	36,000	25,700	Nil
Mr. Ronak Doshi	Vice-Chairman & Whole-time Director	Related to Mr. Gaurav Doshi	6,25,800	36,000	34,200	Nil
Mr. Jayant Nagarkar	Independent and Non-Executive Director	—	Nil	Nil	Nil	Nil
Mr. Vikas Patel	Independent and Non-Executive Director	—	Nil	Nil	Nil	Nil

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



7) GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue	No. of Special Resolutions approved at the AGM
2008-2009	30th September 2009	1:00 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	Nil
2009-2010	30th September 2010	1:30 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	1
2010-2011	30th September 2011	1:30 p.m.	Hotel Tunga Paradise M.I.D.C. Andheri (E), Mumbai - 400 093	Nil

Special Resolutions passed during the last 3 annual general meetings:

Annual General Meeting held on 30th September 2010:

- 1) To create, offer and allot, on preferential basis 15,60,000 Equity Share Warrants to promoters.

During the year ended 31st March 2012, no resolution was passed by the Company's members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

During the financial year 2011-12, the Company was not required to hold any Extra-Ordinary General Meeting.

8) DISCLOSURES

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

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

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

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

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

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

The Company does not have any specific whistle blower policy in place. However, the Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee.

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

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

Accounting treatment in preparation of financial statements:

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements except AS 15.

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



9) MEANS OF COMMUNICATION

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

10) GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting:

Day : Saturday

Date : 29th September 2012

Time : 1.30 p.m.

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

Financial Year: 1st April 2011 to 31st March 2012

Date of Book Closure: Saturday, 22nd September 2012 to Saturday, 29th September 2012 (both days inclusive)

Listing of Securities and Stock Code:

Bombay Stock Exchange Limited Code No: 526195

The Company has paid listing fees for the financial year 2011-12 to the above exchange.

Demat ISIN Number for NSDL:

ISIN number issued to equity shares by NSDL is INE552E01014.

The Company has not issued any GDRs or ADRs.

Dividend Payment Date: Not Applicable

Share Transfer System:

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

Dematerialization of Shares:

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

Registrar & Share Transfer Agents:

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

M/s System Support Services

209, Shivai Industrial Estate, Next to Parke-Davis,
Sakinaka, 89, Andheri-Kurla Road,
Andheri (East), Mumbai-400 072.

Tel No.: 2850 0835

Fax No.: 2850 1438

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

Address for correspondence:

Neogem India Limited

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

Tel. Nos.: 3088 2640/ 41

Fax No.: 2829 1123

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

investors@neogemindia.com



Stock Market Data:

Month/Year	Bombay Stock Exchange Limited (BSE)	
	High (₹)	Low (₹)
April 2011	21.70	16.80
May 2011	23.55	17.00
June 2011	23.90	16.70
July 2011	28.30	20.00
August 2011	27.20	23.10
September 2011	28.00	22.45
October 2011	30.05	21.60
November 2011	31.25	21.75
December 2011	30.50	25.15
January 2012	27.70	20.55
February 2012	23.95	19.50
March 2012	27.20	23.35

Distribution of Shareholding as on 31st March 2012:

Shareholding	No. of shares	% of shares to Total	No. of shareholders	% of Shareholders to Total
1 - 500	5,38,596	6.835	2496	80.051
501 - 1000	3,13,064	3.973	341	10.936
1001 - 5000	5,44,390	6.908	208	6.671
5001 - 10000	3,01,400	3.825	40	12.829
10001 & Above	61,82,550	78.459	33	1.058
Shares in Transit	—	—	—	—
TOTAL	78,80,000	100.00	3118	100.00

Physical/ Electronic Shareholding Pattern as on 31st March 2012:

Category	No. of Shares	% of Shares to Total	No. of Shareholders	% of Shareholders to Total
C. D. S. L.	0	0	0	0
N. S. D. L.	52,11,350	66.13	785	25.18
Physical	26,68,650	33.87	2333	74.82
In Transit (Demat)	Nil	Nil	Nil	Nil
TOTAL	78,80,000	100.00	3118	100.00



Neogem India Limited

Shareholding Pattern as on 31st March 2012:

Category	No. of shares	% of shares to Total	No. of Shareholders	% of Shareholders to Total
Promoter Group:				
Indian	31,39,550	39.84	5	0.26
Public Shareholding:				
Institutions: Mutual Funds	24,300	0.31	1	0.03
Non Institutions: Bodies Corporate	7,53,700	9.56	82	2.63
Individual: Share Capital <=1,00,000	14,71,350	18.67	2925	93.81
Share Capital > 1,00,000	24,35,800	30.91	19	0.61
NRI Individuals (Non Rep)	2,600	0.03	4	0.13
NRI (Repatriation)	52,700	0.67	82	2.63
TOTAL	78,80,000	100.00	3118	100.00

B) NON-MANDATORY REQUIREMENTS:

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

For Neogem India Limited

Place : Mumbai

Date : 01st September 2012

Gaurav Doshi

Chairman & Managing Director

ANNEXURE 2

DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with Clause 49 I(D) of the Listing Agreement with the Stock Exchange, I, Gaurav Doshi, Chairman and Managing Director of Neogem India Limited hereby confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2012.

For Neogem India Limited

Place : Mumbai

Date : 30th May 2012

Gaurav Doshi

Chairman & Managing Director

ANNEXURE 3

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Neogem India Limited,

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

M/S. ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants
(Registration No. 118677W)

ASHISH JALAN

Partner

M.No.125707

Place : Mumbai

Date : 30th May, 2012



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry Structure & Developments and Outlook

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

Gems and jewellery form an integral part of Indian tradition. A legacy passed from one generation to another. The components of jewellery include not only traditional gold but also diamond & platinum accompanied by a variety of precious and semi-precious stones. In India, the gems and jewellery industry has been growing at a good pace and it accounted for 14% of India's total merchandise exports in 2011-2012. India is also world's largest diamond processing (cutting and polishing) country with an 80 percent share in world market.

Worldwide diamond jewellery retail sales came to \$70.8 billion. The market share of America in diamond consumption was reduced to 38 percent from well over 40 percent last year. The other major traditional market, Japan, declined further to merely 8 percent share. In a neck-to-neck race to be the second-largest diamond-consuming nation is India, with 12 percent market share, followed by China (mainland) with 11 percent. Amongst other markets, Hong Kong accounts for 2 percent.

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

2) Opportunities & Threats, Risks & Concerns

SWOT Analysis of the Indian Gems & Jewellery Industry

Strengths:

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

Weaknesses:

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

Opportunities:

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

Threats, Risks & Concerns:

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



3) Performance

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

4) Operations

The Company achieved a sales turnover of ₹ 817,379,494/- and other receipts of ₹ 36,795,795/- aggregating to ₹ 854,175,289/- compared to ₹ 835,895,203/- during the previous year. The Company made a profit of ₹ 14,654,060/- before tax as compared to a profit of ₹ 14,083,241/-before tax for the previous year. With favourable market conditions, your Directors expect better performance in future.

5) Internal Controls & their adequacy

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

6) Human Resources & Industrial Relations

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

Industrial relations of the Company were cordial during the year.

By Order of the Board of Directors

Date : 1st September 2012

Place : Mumbai

Gaurav Doshi

Chairman & Managing Director

Registered Office:

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



AUDITOR'S REPORT

To,

The Members of
Neogem India Limited

1. We have audited the attached Balance Sheet of **Neogem India Limited** as at 31st March, 2012 the Profit and Loss Account and also the Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to (as paragraph 3)above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **Except leave encashment which is provided on the basis of actual calculation rather than actuarial valuation as per AS15:**
 - (v) On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) **Subject to our remark in para 4(iv) above**, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place: Mumbai
Date : 30th May, 2012

Ashish Jalan
Partner
Membership Number: 125707



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date for the year ended 31st March, 2012)

- (i) (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets. However as explained to us management is in the process of updating records for proper presentation and classification of the fixed assets of the company.
- (b) As per the information and explanations given to us, all the major assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As explained to us, the company has not disposed off any substantial part of fixed assets during the year, so as to affect the going concern.
- (ii) (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (b) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to rate of interest and other terms and conditions of the loan granted is not applicable.
- (c) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to receipt of the principal amount and interest are not applicable.
- (d) There is no overdue amount of unsecured loans given to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken unsecured interest free loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 1,21,97,000/- and the year-end balance of loans taken from such parties is ₹ 1,17,97,000/-.
- (f) In our opinion, as company has taken interest free unsecured loan hence the question of reporting whether the rate of interest and other terms and conditions of such loans are prejudicial to the interest of the company does not arise.
- (g) Since there is no stipulation as to the time period for the repayment of unsecured loans taken, we are unable to comment on the regularity of the same.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA or any relevant provisions of the Companies Act, 1956 and the Companies (Acceptance and Deposits) Rules, 1975 are not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

Neogem India Limited



- (vii) The company has no formal internal audit system, however the company has build-in internal control system commensurate with the size of the Company and the nature of its business.
- (viii) According to the information given to us, Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in case of the Company.
- (ix) (a) As per information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company have generally been regularly deposited with the appropriate authorities though there has been delays in deposit in a few cases which are not serious.
- (b) According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess other than those mentioned separately were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.

Name of the Statute	Name of Dues	Amount (₹)	Forum where dispute is pending	Financial Year to which the amount relates
Income Tax	FBT	2,59,840/-	CIT Appeals	2005-06

- (x) In our opinion, there are no accumulated losses of the company at the end of financial year. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not taken any term loans hence the question of default in repayments of dues to the banks doesn't arise.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Chit fund or a Nidhi/ Mutual benefit fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not raised any term loans during the year. Hence the question of application for the purpose for which they were raised doesn't arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- (xviii) To the best of our knowledge and according to information & explanation given to us, we report that the company has not made any preferential share allotments of equity shares covered under the register required to be maintained u/s. 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

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

Place: Mumbai
Date : 30th May, 2012

Ashish Jalan
Partner
Membership Number: 125707



Neogem India Limited

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	78,800,000	78,800,000
(b) Reserves and Surplus	2.2	46,352,811	36,217,860
(c) Money received against Share Warrants		-	-
(2) Share Application Money pending allotment		4,290,000	4,290,000
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	2.3	11,797,000	12,197,000
(b) Deferred Tax Liabilities (Net)	2.4	957,537	1,044,488
(c) Other Long Term Liabilities		-	-
(d) Long-Term Provisions		-	-
(4) Current Liabilities			
(a) Short-Term Borrowings	2.5	95,888,839	97,852,896
(b) Trade Payables	2.6	342,441,551	389,861,068
(c) Other Current Liabilities	2.7	1,332,881	2,609,066
(d) Short-Term Provisions	2.8	4,774,675	3,551,322
TOTAL		586,635,294	626,423,700
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9	8,152,174	9,175,553
(ii) Intangible Assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-Current Investments	2.10	14,040	14,040
(c) Deferred Tax Assets (Net)		-	-
(d) Long-Term Loans and Advances	2.11	220,170	220,170
(e) Other Non-Current Assets		-	-
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories	2.12	43,756,960	43,501,627
(c) Trade Receivables	2.13	529,367,363	560,476,554
(d) Cash and Cash Equivalents	2.14	1,236,338	6,064,295
(e) Short-Term Loans and Advances	2.15	3,888,248	6,971,461
(f) Other Current Assets		-	-
TOTAL		586,635,294	626,423,700

Significant accounting policies and
Notes to Accounts:

01 - 02

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

Auditors' Report As per our Report of even date attached

For and on behalf of the Board of Directors

FOR ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants
(Firm Registration No. 118677W)

ASHISH JALAN
Partner
Membership No. : F-125707

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

Place : Mumbai
Date: 30th May, 2012

Neogem India Limited



PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No	Year Ended 31st March, 2012	Year Ended 31st March, 2011
I. Revenue from Operations	2.16	853,915,197	820,044,691
II. Other Incomes	2.17	260,092	15,850,513
III. Total Revenue (I + II)		854,175,289	835,895,203
IV. Expenses:			
<u>Manufacturing Expenses</u>			
Cost of Materials Consumed	2.18	418,530,400	362,765,513
Purchases of Stock-in-Trade	2.19	347,372,301	418,537,500
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.20	(445,963)	421,340
Employee Benefits Expenses	2.21	6,666,624	6,357,814
Finance Costs	2.22	10,022,415	10,476,982
Depreciation and Amortization Expense		1,184,329	1,433,069
Other Expenses	2.23	56,191,123	21,819,746
Total Expenses		839,521,229	821,811,962
V. Profit before Exceptional and Extraordinary Items and Tax (III - IV)		14,654,060	14,083,241
VI. Exceptional Items		28,594	-
VII. Profit before Extraordinary Items and Tax (V - VI)		14,625,466	14,083,241
VIII. Extra Ordinary Items		-	-
IX. Profit before Tax (VII - VIII)		14,625,466	14,083,241
X. Tax Expense:			
(1) Current tax		4,572,000	-
(2) Income Tax of Earlier Year		5,465	-
(3) Deferred Tax		(86,951)	(244,252)
XI. Profit/ (Loss) for the period from Continuing Operations (IX - X)		10,134,952	14,327,493
XII. Profit/Loss from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/ (Loss) from Discontinuing Operations (after Tax) (XII - XIII)		-	-
XV. Profit/ (Loss) for the Period (XI + XIV)		10,134,952	14,327,493
XVI. Earnings Per Equity Share			
(1) Basic		1.29	1.82
(2) Diluted		1.07	1.52

Significant accounting policies and
Notes to Accounts:

01 - 02

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

Auditors' Report As per our Report of even date attached

For and on behalf of the Board of Directors

FOR ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants

(Firm Registration No. 118677W)

ASHISH JALAN

Partner

Membership No. : F-125707

Place : Mumbai

Date: 30th May, 2012

Gaurav Doshi

Chairman &

Managing Director

Ronak Doshi

Vice Chairman &

Whole Time Director



Neogem India Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AS AT 31/03/2012	PREVIOUS YEAR AS AT 31/03/2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extra - ordinary items	14,625,466	14,083,241
Adjustment for		
Depreciation	1,184,329	1,433,069
Interest Expenses	10,022,415	9,214,523
Prior Period Expenses	(47,241)	-
Interest Income	(7,130)	10,645,808
Operating Profit before working capital changes	25,777,839	24,729,049
Adjustment for Working Capital :		
(Increase) / Decrease in current asset :		
(Increase)/ Decrease in Debtors	31,109,191	(209,742,282)
(Increase)/ Decrease in Inventories	(255,333)	(2,923,668)
(Increase)/ Decrease in Loans & advances	102,737	(217,598)
	30,956,595	(212,883,548)
Increase/ (Decrease) in current liability :		
Increase/ (Decrease) in Creditors for goods	(47,419,517)	196,990,635
Increase/ (Decrease) in Creditors for expenses	(1,276,185)	74,479
Increase/ (Decrease) in other liabilities	-	(3,906,084)
	(48,695,702)	193,159,030
Cash generated from operations	8,038,732	5,004,531
Less : Income Tax & FBT paid	326,397	(122,881)
NET CASH FLOW FROM OPERATING ACTIVITIES	7,712,335	4,881,650
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(160,950)	1,026,890
Interest Received	7,130	1,784
NET CASH FLOW FROM INVESTING ACTIVITIES	(153,820)	1,028,674
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest on borrowings	(10,022,415)	(9,214,523)
Proceeds from Borrowings	(2,364,057)	(748,656)
Refund recived from Income tax	-	9,865,000
NET CASH FLOW FROM FINANCING ACTIVITIES	(12,386,472)	(98,179)
NET CHANGES IN CASH & CASH EQUIVALENTS	(4,827,957)	5,812,146
CASH & CASH EQUIVALENTS OPENING BALANCE	6,064,295	252,149
CASH & CASH EQUIVALENTS CLOSING BALANCE	1,236,338	6,064,295

FOR ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants

(Firm Registration No. 118677W)

For and on behalf of the Board of Directors

ASHISH JALAN

Partner

Membership No. : F-125707

Gaurav Doshi

Chairman &

Managing Director

Ronak Doshi

Vice Chairman &

Whole Time Director

Place : Mumbai

Date: 30th May, 2012



NOTES FORMING PART OF THE ACCOUNTS

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Preparation of Financial Statements

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

ii. Use of Estimates

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

iii. Fixed Assets

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

iv. Depreciation

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

v. Impairment of Assets

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

vi. Foreign Currency Transactions

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

vii. Investments

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



viii. Inventories

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

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any.

Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition.

ix. Revenue Recognition

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

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

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

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

x. Employee Benefits

Gratuity

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

Leave Encashment

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

Provident Fund & Family Pension

Contribution to provident fund & family pension fund are provided for & payments in respect thereof are made to the relevant authorities on actual basis.

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

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

xi. Financial Derivatives and Commodity Hedging Transactions

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

xii. Provisions, Contingent Liabilities and Contingent Assets

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



xiii. Provision for Current and Deferred Tax

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

Deferred tax resulting from "Timing Difference" between Block and Taxable profit is accounted for using the tax rates & laws that have been enacted or substantively enacted on the balance sheet date. The Deferred tax assets is recognized and carried forward only to the extent that there is virtual certainty supported by convincing evidence that the asset will be realized in future.

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

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

xiv. Cash Flow Statement

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

xv. Prior Period Items

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

xvi. Related Party Transaction

Disclosure of transaction with Related Parties, as required by Accounting Standard 18 " Related Party Disclosure" has been set out in a seprate not forming part of this schedule. Related parties as defined under clause 3 of the accounting standard 18 have been identified on the basis of representations made by key management personnel and information available with the company.

xvii. Earning per Share

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

FOR ASHOK BAIRAGRA & ASSOCIATES

Chartered Accountants
(Firm Registration No. 118677W)

ASHISH JALAN

Partner
Membership No. : F-125707
Place : Mumbai
Date: 30th May, 2012

For and on behalf of the Board of Directors

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director



NOTES FORMING PART OF THE ACCOUNTS

NOTE '2.1' SHARE CAPITAL	As at 31.03.2012 ₹	As at 31.03.2011 ₹
AUTHORISED :		
1,00,00,000 Equity Shares of ₹ 10/-each	100,000,000	100,000,000
ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :		
78,80,000 (P.Y. 78,80,000) Equity Shares of ₹ 10/- each	78,800,000	78,800,000
TOTAL	78,800,000	78,800,000

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

Name of Shareholders	As At 31st March 2012		As At 31st March 2011	
	No. of Shares	% Held	No. of Shares	% Held
Sachin Chheda	1175000	14.91	1175000	14.91
Ramesh Shah	-	-	405400	5.14

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

	Number of shares	
	As At 31st March 2012	As At 31st March 2011
Equity Share at the beginning of year	78,80,000	78,80,000
Add : Share issued During the Year	-	-
Equity Share at the end of the year	78,80,000	78,80,000

During the financial year 2008-09 the company had issued 15,65,000 preferential share warrant which were to be converted into 15,65,000 Equity shares of Rs. 10 each at par on or before 14th April, 2010. Out of which 3,90,000 preferential share warrant converted into 3,90,000 equity shares on 31st March, 2010. And balance 11,75,000 preferential share warrant converted into 11,75,000 equity shares 14th April, 2010. Further the Company had taken approval of the shareholders at the A.G.M. held on 30th September 2010 for the issue of 15,60,000 preferential share warrants against which 25% application money has been received and the In-Principal Approval from the Bombay Stock Exchange is in process.

NOTE 2.2 RESERVES & SURPLUS	As at 31.03.2012 ₹	As at 31.03.2011 ₹
1. Share Premium Account		
As per last Balance Sheet	3,780,000	3,780,000
Add:- On further Issue of Capital	-	-
Closing Balance	3,780,000	3,780,000
2. Profit & Loss Account	32,437,860	18,110,369
Add : During The Year	10,134,951	14,327,491
Closing Balance	42,572,811	32,437,860
TOTAL	46,352,811	36,217,860



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.3 LONG TERM BORROWING	As at 31.03.2012	As at 31.03.2011
	₹	₹
SECURED	-	-
UNSECURED		
Corporate	8,500,000	8,500,000
Related Parties		
Non - Corporate		
Directors	3,297,000	3,697,000
TOTAL	11,797,000	12,197,000

NOTE 2.4 DEFERRED TAX LIABILITY & DEFERRED TAX ASSET	As at 31.03.2012	As at 31.03.2011
	₹	₹
Deffered Tax Liability due to difference between Book & Tax Depreciation (Net)	957,537	1,044,488
NET DEFERRED TAX LIABILITY/ (ASSETS)	957,537	1,044,488

NOTE 2.5 SHORT TERM BORROWINGS	As at 31.03.2012	As at 31.03.2011
	₹	₹
SECURED		
Working Capital Loan from Banks	95,888,839	97,852,896
UNSECURED	-	-
TOTAL	95,888,839	97,852,896

* Working Capital (Secured Loan) from Oriental Bank of Commerce and Punjab National Bank.

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

NOTE 2.6 TRADE PAYABLES	As at 31.03.2012	As at 31.03.2011
	₹	₹
Micro, Small & Medium Enterprises	-	-
Others	342,441,551	389,861,068
TOTAL	342,441,551	389,861,068

NOTE 2.7 OTHER CURRENT LIABILITIES	As at 31.03.2012	As at 31.03.2011
	₹	₹
Other Currenrt Liabilities	1,332,881	2,609,066
TOTAL	1,332,881	2,609,066

NOTE 2.8 SHORT - TERM PROVISIONS	As at 31.03.2012	As at 31.03.2011
	₹	₹
PROVISION FOR TAXES		
A. Y. 2012 - 2013	4,572,000	3,330,000
Provision for Gratuity	202,675	221,322
TOTAL	4,774,675	3,551,322

NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.9

Tangible Assets as on 31st March 2012

Amount in ₹

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2011	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31.3.2012	PROVISION UP TO 31.3.2011	DEDUCTION ON SALE OF ASSETS	PROVISION FOR THE YEAR	TOTAL DEPN. 31.3.2012	AS AT 31.3.2012	AS AT 31.3.2011
LAND	440,029	-	-	440,029	-	-	-	-	440,029	440,029
PLANT & MACHINERY	13,263,947	75,000	-	13,338,947	6,711,940	-	633,104	7,345,044	5,993,903	6,552,007
ELECTRICAL FITTINGS	941,409	-	-	941,409	697,676	-	43,288	740,964	200,445	243,733
INTERIOR WORKS	5,860,075	-	-	5,860,075	5,680,800	-	41,315	5,722,115	137,960	179,275
UTILITIES	273,030	-	-	273,030	222,337	-	13,004	235,341	37,689	50,693
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	2,179,731	-	194,937	2,374,668	705,558	900,495
FACTORY EQUIPMENTS	65,934	-	-	65,934	13,381	-	3,140	16,521	49,413	52,553
OFFICE EQUIPMENTS	694,657	-	-	694,657	510,119	-	49,247	559,366	135,291	184,538
AIR CONDITIONERS	1,313,976	-	-	1,313,976	1,039,903	-	62,585	1,102,488	211,488	274,073
COMPUTERS	1,870,933	85,950	-	1,956,883	1,591,455	-	139,718	1,731,173	225,710	279,478
MOTOR BIKE	41,894	-	-	41,894	23,215	-	3,991	27,206	14,688	18,679
TOTAL	27,846,110	160,950	-	28,007,060	18,670,557	-	1,184,329	19,854,886	8,152,174	9,175,553
PREVIOUS YEAR	30,536,517	43,680	2,734,086	27,846,111	18,901,002	1,663,514	1,433,069	18,670,557	9,175,553	11,635,514



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.10 NON - CURRENT INVESTMENTS	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Punjab National Bank 36 shares of Face Value ₹ 10 (P. Y. 36)	14,040	14,040
TOTAL	14,040	14,040

	As at 31.03.2012	As at 31.03.2011
* Book Value of Quoted Investment	14,040	14,040
* Market Value of Quoted Investment	33,338	38,563

NOTE 2.11 LONG TERM LOANS AND ADVANCES	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Security Deposit	220,170	220,170
TOTAL	220,170	220,170

NOTE 2.12 INVENTORIES	As at 31.03.2012 ₹	As at 31.03.2011 ₹
1. Raw Materials	39,562,578	40,791,749
2. Finished Goods	624,733	765,101
3. Work In Progress	718,037	131,706
4. Masters & Moulds	654,047	638,001
5. Stores, Spares & Tools	1,553,474	1,092,609
6. Trading Goods	644,092	82,462
TOTAL	43,756,960	43,501,627

NOTE 2.13 TRADE RECEIVABLES	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Unsecured, Considered Good		
- Outstanding for a period exceeding six months	110,158,480	130,451,884
- Others	419,208,883	430,024,670
Less: Allowance for Bad & Doubtful Debts	529,367,363	560,476,554
Doubtful	-	-
TOTAL	529,367,363	560,476,554

* Debts considered good for which the company holds no security other than the Debtors Personal Security

NOTE 2.14 CASH AND CASH EQUIVALENTS	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Balance with Banks		
Wiith Schedule Bank		
In Current A/c	331,435	4,805,383
In Fixed Deposit	25,678	28,572
Cash on Hand	879,226	1,230,340
TOTAL	1,236,338	6,064,295

* Fixed Deposit with Banks include deposit of ₹ 25,678/- (P. Y. ₹ 28,572/-) with maturity of more than 12 Months maturing on 4th August 2012



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.15 SHORT TERM LOANS AND ADVANCES	As at 31.03.2012	As at 31.03.2011
	₹	₹
Others		
Advance Tax, T.D.S and F.B.T	851,628	4,524,175
VAT Receivable	1,100,954	751,131
Accrued Interest	4,797	-
Margin Money	482,833	97,926
Other Advances	1,448,035	1,598,229
TOTAL	3,888,248	6,971,461

NOTE 2.16 REVENUE FROM OPERATIONS	As at 31.03.2012	As at 31.03.2011
	₹	₹
Sale of Products	817,379,494	820,044,691
Other Operating Revenue	36,535,703	11,835,778
Less : Excise Duty	-	-
TOTAL	853,915,197	831,880,469

NOTE 2.17 OTHER INCOME	As at 31.03.2012	As at 31.03.2011
	₹	₹
Interest on F.D with Bank (including TDS ₹ Nil ,P. Y. ₹ Nil)	1,903	1,784
Interest on Security Deposit	5,227	6,669
Profit on Sale of Fixed Assets	-	719,213
Other Income	252,962	3,287,069
TOTAL	260,092	4,014,735

* Other Income Includes Income from Dividend & Interest

NOTE 2.18 COST OF MATERIAL CONSUMED	As at 31.03.2012	As at 31.03.2011
	₹	₹
Opening Stock	40,791,749	37,740,851
Add : Purchase During the Year	417,301,229	365,816,411
Less : Closing Stock	39,562,578	40,791,749
Consumption Of Raw Material During The Year	418,530,400	362,765,513
TOTAL	418,530,400	362,765,513

NOTE 2.19 PURCHASES OF STOCK-IN-TRADE	2011-12	2010-11
	₹	₹
Opening Stock	82,462	80,316
Add : Purchases	347,933,931	418,539,646
Less: Closing Stock	644,092	82,462
TOTAL	347,372,301	418,537,500



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.20 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Opening Stock		
Finished Goods	765,101	1,194,033
Work in Progress	131,706	124,114
	896,807	1,318,147
Closing Stock		
Finished Stock	624,733	765,101
Work in Progress	718,037	131,706
	1,342,770	896,807
(Increase)/Decrease in Stock of Finished & Semi Finished Stock	(445,963)	421,340
NOTE 2.21 EMPLOYEE BENEFIT EXPENSES	As at 31.03.2012	As at 31.03.2011
	₹	₹
Salaries, Wages & Allowances	4,654,794	4,517,292
Bonus Allowance	119,575	92,987
Contribution to Provident and Other Fund	289,733	231,272
Staff Welfare Expenses	282,522	196,263
Remuneration to Directors	1,320,000	1,320,000
TOTAL	6,666,624	6,357,814

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

Defined Contribution Plan

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

	2011 - 2012	2010 - 2011
Employer's Contribution to Provident Fund	213,263	163,847

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

Defined Benefit Plan

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



NOTES FORMING PART OF THE ACCOUNTS

<u>Assumptions</u>	<u>As on 31.3.2012</u>	<u>As on 31.3.2011</u>
Discount Rate	8%	8%
Salary Escalation	5%	5%
<u>Table Showing changes in present value of obligations</u>		
Present value of obligations as at the beginning of the year	1,31,987	1,30,190
Interest Cost	10,559	10,415
Current Service cost	18,268	18,268
Benefits paid	0	(16,362)
Acturial (Gain)/Loss on obligation	41,861	(10,524)
Present value of obligations as at the end of the year	2,02,675	1,31,987
<u>Table Showing Changes in the fair value of plan assets</u>		
Present value of plan assets as at the beginning of the year	1,44,826	92,734
Expected return on plan assets	13,034	10,933
Contributions	0	57,521
Benefits paid	0	(16,362)
Acturial Gain/(Loss) on obligation	NIL	NIL
Present value of plan assets as at the end of the year	1,57,860	1,44,826
<u>Table Showing fair value of plan assets</u>		
Present value of plan assets as at the beginning of the year	1,44,826	92,734
Actual return on plan assets	13,034	10,933
Contributions	0	0
Benefits paid	0	(16,362)
Present value of plan assets as at the end of the year	1,57,860	1,44,826
Funded Status	(44,815)	12,839
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return=Estimated rate of return as ARD falls on 31st March)		
<u>Acturial Gain/Loss recognised</u>		
Acturial (Gain)/Loss for the year- obligations	(41,861)	10,524
Acturial (Gain)/Loss for the year- plan assets	NIL	NIL
Total Acturial (Gain)/Loss for the year	41,861	(10,524)
Acturial (Gain)/Loss recognised for the year	41,861	(10,524)
<u>Amounts to be recognised in Balance Sheet and Profit & Loss Account</u>		
Present Value of obligations as at the end of the year	2,02,675	1,31,987
Fair Value of paln assets as at the end of the year	1,57,860	1,44,826
Funded Status	(44,815)	12,839
Net Asset/(liability) recognised in Balance Sheet	44,815	(12,839)
<u>Expenses recognised in statement of profit & loss Account</u>		
Current Service cost	18,268	18,268
Interest Cost	10,559	10,415
Expected return on plan assets	(13,034)	(10,933)
Net Acturial (Gain)/Loss recognised for the year	41,861	(10,524)
Expenses recognised in statement of profit & loss Account	57,654	7,226



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.22 FINANCE COST	As at 31.03.2012	As at 31.03.2011
	₹	₹
Interest on Working Capital	8,325,261	9,214,523
Bank Charges	1,697,154	1,262,459
TOTAL	10,022,415	10,476,982

NOTE 2.23 OTHER EXPENSES	As at 31.03.2012	As at 31.03.2011
	₹	₹
<u>Manufacturing Expenses</u>		
Electricity Charges	1,426,892	1,129,986
Export Freight & Clearing	370,049	426,461
Factory Expenses	141,579	113,115
Job Work & Labour Charges	5,926,352	4,271,580
Master & Mould Consumed	72,672	255,179
Packing Material	33,556	18,556
Stores, Spares & Consumable Consumed	1,472,842	222,030
Transport & Handling charges	28,867	40,509
Water Charges	104,890	83,511
Total (A)	9,577,698	6,560,927
<u>Selling and Distribution Expenses</u>		
Advertisement & Publicity	60,098	64,196
Buyers Credit Report Expenses	-	13,788
Sales Promotion Expenses	2,566,642	794,803
Discount Allowed	80,848	8,997
Jewellery Testing Charges	-	2,040
Total (B)	2,707,588	883,824



NOTES FORMING PART OF THE ACCOUNTS

NOTE 2.23 OTHER EXPENSES	As at 31.03.2012 ₹	As at 31.03.2011 ₹
Administrative & Other Expenses		
Repairs & Maintainance (Plant & Machinery)	81,382	28,942
Repairs & Maintainance (Others)	220,302	201,411
Auditors Remuneration	80,000	75,000
Annual General Meeting Expenses	10,423	8,833
Bad Debts Written Off	37,571,667	7,813,276
Car Expenses	103,700	229,871
Conveyance Expenses	97,125	113,185
Custodian Charges	93,750	61,050
Computer Expenses	262,786	8,030
Insurance Premium	2,203,523	2,811,238
Licensing Charges	-	23,147
Legal & Professional Charges	754,349	801,870
Listing Fees	11,003	143,444
Loss on Forward Contract	14,641	85,271
Membership & Subscription	60,270	19,800
Office General Expenses	52,015	42,397
Printing & Stationery	90,320	83,520
Postage & Telephone Expenses	248,571	275,445
Professional Tax on Companies	6,800	5,000
Rent, Rates & Taxes	1,525,463	1,081,245
Software Purchase Charges	15,461	32,714
Security Charges	352,809	295,359
Travelling Expenses	49,477	134,947
Total (C)	43,905,837	14,374,995
TOTAL (A+B+C)	56,191,123	21,819,746

* Sales Promotion Expenses include Foreign Travelling Expenses & Sales Commission



NOTES FORMING PART OF THE ACCOUNTS

	2011 - 2012	2010 - 2011
<u>Increase/ (Decrease) in value of Master & Mould</u>		
Opening Stock	638,001	777,757
Add: Purchase	88,718	115,423
Less : Closing Stock	654,047	255,179
Consumption	72,672	638,001
<u>Increase/ (Decrease) in value of Stores, Spares & Consumables</u>		
Opening Stock	1,092,609	660,887
Purchases	1,933,707	653,751
Less: Closing Stock	1,553,474	1,092,609
Consumption	1,472,842	222,030
<u>Payment to Auditors as</u>		
Auditor		
Statutory Audit Fees	80,000	50,000
Tax Audit Fees	45,000	25,000
Certification, Consultancy and Scrutiny Matter	50,000	
	175,000	75,000
<u>Expenditure in Foreign Currency</u>		
Commission	230,200	-
Travelling	241,350	126,201
	471,550	126,201
<u>Value of Import On CIF Basis</u>		
Raw Materials	403,900,376	460,739,228
Finished Goods	361,292,077	323,597,330
Stores & Spares	2,065,132	788,675
	767,257,584	785,125,233
<u>Working of Earning per Share</u>		
<u>Before Extra Ordinary Items</u>		
Profit After Tax	10,134,952	14,327,493
Basic No. of Equity Shares of Face Value ₹ 10/- each	7,880,000	7,880,000
EPS Basic ₹	1.29	1.82
Diluted No. of Equity Shares of Face Value ₹ 10/- each	9,440,000	9,440,000
EPS Diluted ₹	1.07	1.52
<u>After Extra Ordinary Items</u>		
Profit After Tax	10,134,952	14,327,493
Basic No. of Equity Shares of Face Value ₹ 10/- each	7,880,000	7,880,000
EPS Basic ₹	1.29	1.82
Diluted No. of Equity Shares of Face Value ₹ 10/- each	9,440,000	9,440,000
EPS Diluted ₹ 1.07	1.52	
<u>EARNING IN FOREIGN EXCHANGE</u>		
Export of Goods Calculated on FOB Basis	804,238,618	806,225,783



Neogem India Limited

RELATED PARTY DESCLOSURES :

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

NAME OF RELATED PARTIES

Associates

Kamya Impex Pvt. Ltd.

Key Management Personnel

Gaurav Doshi

Ronak Doshi

RELATED PARTY TRANSACTIONS

Nature of Transaction	2011-12 (2010-11)	
	Associates	Key Management Personnel
Transactions during the year		
Re-payment of Loan		400,000.00
(Previous Year)		(6,365,000)
Remuneration	-	1,392,000
(Previous Year)	-	(1,392,000)
Balances at the year end:		
Payable	1,256,127	-
(Previous Year)	-	-
Unsecured Loans	-	3,297,000
(Previous Year)	-	(3,697,000)

NEOGEM INDIA LIMITED

ATTENDANCE SLIP

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

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

I/We hereby record my presence at the **TWENTY-FIRST ANNUAL GENERAL MEETING** on Saturday, 29th September 2012 at 1.30 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093.

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

Ledger Folio No.....No. of Shares held..... Client ID D P ID.....

NEOGEM INDIA LIMITED

PROXY FORM

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

Ledger Folio No.....No. of Shares held.....Client ID D P ID.....

I / Weof
.....being the member / members of **Neogem India Limited**
hereby appoint.....of.....
or failing him.....of.....

as my/our Proxy to attend and vote for me/us and on my/our behalf at the **TWENTY-FIRST ANNUAL GENERAL MEETING ON SATURDAY, 29TH SEPTEMBER 2012 AT 1.30 P.M. AT HOTEL TUNGA PARADISE, M.I.D.C. CENTRAL ROAD, ANDHERI (EAST), MUMBAI - 400 093** and at any adjournment thereof.

Signed this day of, 2012.



Signed by the said

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

Book Post

Important Communication to Members

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

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

if undelivered please return to :

Neogem India Limited

G/32, G & J Complex III,
Seepz (SEZ), Andheri (E),
Mumbai - 400 096.
Contact Person :
Mr. Sanjay Boradia
Tel. : 91-22-3088 2640.

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