

**NEOGEM INDIA LIMITED**

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*Always Innovative*

**ANNUAL REPORT 2015 - 2016**



## BOARD OF DIRECTORS

**Mr. Gaurav Doshi (DIN: 00166703)**  
**Mr. Ronak Doshi (DIN: 00102959)**  
**Mr. Jayant Nagarkar (DIN: 00131405)**  
**Ms. RenuKathuria (DIN: 01669882)**

- *Chairman & Managing Director*
- *Whole Time Director &CFO*
- *Non-Executive Independent Director*
- *Non-Executive Independent Director*

## STATUTORY AUDITORS

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

## SECRETARIAL AUDITOR

**M/s. Hemanshu Kapadia & Associates**  
Practising Company Secretaries  
Mumbai

## 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

Contents	Page No.
Notice	2
Directors' Report	10
Management Discussion & Analysis Report	21
Independent Auditors' Report	43
Balance Sheet	50
Profit & Loss Account	51
Cash Flow Statement	52
Notes on Accounts	53

**NOTICE**

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Members of **Neogem India Limited** will be held on Friday, 30<sup>th</sup> September 2016 at 10:30 a.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400096 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Financial Statement comprising of Balance Sheet as at 31<sup>st</sup> March 2016, Profit and Loss Account (Statement of Profit and Loss) for the year ended on that date, Cash Flow Statement and the Notes together with the Reports of the Directors and Auditor thereon.
2. To appoint a Director in place of Mr. Ronak Doshi (DIN: 00102959) who retires by rotation and being eligible, offered himself for re-appointment.

**3. Ratification of appointment of Statutory Auditors:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors, the appointment of M/s. Ashok Bairagra & Associates, Chartered Accountants, (Firm Registration No. 118677W), the Statutory Auditors of Company as approved in the 23<sup>rd</sup> Annual General Meeting until conclusion of 26<sup>th</sup> Annual General Meeting, be and is hereby ratified, with remuneration as may be decided by the Board of Directors.”

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN-00166703**

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

**Place:** Mumbai

**Date:** 2<sup>nd</sup> September 2016

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY**

**NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

**A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. The Company's Registrar & Share Transfer Agents are M/s. System Support Services located at 209, Shivai Industrial Estate, 89, Andheri-Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072; Tel.: 2850 0835; Fax: 2850 1438.
3. Map of the venue of the AGM is given after the notice.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23<sup>rd</sup> September 2016 to Friday, 30<sup>th</sup> September 2016 (both days inclusive) for taking record of the Members of the Company for the purpose of AGM.
5. Members are requested to :-
  - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Financial Statements for the financial year ended 31<sup>st</sup> March 2016, 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. 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.
6. For the convenience of the Members, attendance slip is enclosed in the Annual Report. Members/Proxy Holders/Authorized Representatives are requested to fill in and sign at the space provided therein and submit the same at the venue of the Meeting. Proxy/Authorized Representatives of Members should state on the attendance slip as 'Proxy' or 'Authorized Representative', as the case may be. Further, those who hold shares in demat form are requested to write their Client Id and DP Id and those who hold shares in physical forms are requested to write their folio number on the attendance slip for easy identification at the meeting.
7. Corporate Members intending to send their representatives to attend the Meeting are requested to forward a certified copy of the Board Resolution authorizing their

representatives to attend and vote at the Annual General Meeting.

8. In case of joint holders, the vote of only such joint holder who is higher in the order of names, whether in person or proxy, shall be accepted to the exclusion of the votes of other joint holders.
9. As per the provisions of Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 facility for making nominations is available for shareholders in respect of the physical shares held by them. Form SH 13 for making nomination can be obtained from R&TA. The duly filled in nomination form shall be sent to R&TA at their above mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
10. Members, who are holding Shares in identical order of names in more than one Folio, are requested to apply to the Company/ R&TA along with the relevant Share Certificates for consolidation of such Folios in one Folio.
11. Mr. Ronak Doshi (DIN: 00102959), Director retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as mandated under Secretarial Standards - 2, brief resume of the Directors seeking appointment or re-appointment at the forthcoming Annual General Meeting, nature of their expertise in specific functional areas, names of the Companies in which they hold Directorships and the Memberships/ Chairmanships of Committees of the Board and their shareholding in the Company, are annexed hereto. He has furnished the relevant consents, declarations, etc. for his reappointment.
12. The Company has listed its shares on the BSE Limited. The listing fees till date have been paid.
13. 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.
14. Annual Report containing *inter alia* the Notice convening the Twenty-fifth Annual General Meeting, the audited financial statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors, Management Discussion & Analysis, etc. are available on the Company's website at: [www.neogemindia.com](http://www.neogemindia.com).
15. In compliance with the provisions of Section 20 of the Companies Act, 2013, the Company sends its Annual Report to the members whose email ids are available in electronic form. To support this initiative in full measure, Members who have not registered their email address with the Depository through their concerned Depository Participants (DPs) are requested to register the same with their DPs. Members who hold shares in physical form are requested to register their email

address with M/s. System Support Services, Registrar & Share Transfer Agent located at 209, Shivai Industrial Estate, 89, Andheri–Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072.

In case you desire to receive the same or any other documents in physical form or register or change your email address, you are requested to send an e-mail to [investors@neogemindia.com](mailto:investors@neogemindia.com).

16. Electronic copy of the 25th Annual Report 2015-16, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.
17. In terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['the Listing Regulations'], the Company has made arrangement to its members to exercise their right to vote at Annual General Meeting by electronic means.
18. The members shall note that the facility for voting shall also be provided at the meeting through poll paper and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting. If the members have already cast their vote by remote e-voting prior to the meeting they may attend the meeting but shall not be entitled to cast their vote again and his/her vote, if any, cast at the meeting shall be treated as invalid.
19. In case a person has become the Member of the Company after the dispatch of the AGM Notice but on or before the cut-off date i.e., he may write to R & TA on the email ID: [syss72@yahoo.com](mailto:syss72@yahoo.com) or Contract Mr Mahendra Mehta at System Support Services located at 209, Shivai Industrial Estate, 89, Andheri–Kurla Road, Saki Naka, Andheri (East), Mumbai – 400 072; Tel.: 2850 0835; Fax: 2850 1438 requesting for the User ID and Password.
20. Procedure for E-Voting through electronic means:
  - i. The voting period begins on Tuesday, 27<sup>th</sup> September 2016 at IST 9.00 a.m. and ends on Thursday, 29<sup>th</sup> September 2016 at IST 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - ii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - iii. Click on Shareholders.
  - iv. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- vii. **If you are a first time user follow the steps given below:**

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the Sequence Number in the PAN field.</li> <li>In case the Sequence Number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with the Sequence Number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)</li> </ul>

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN of Neogem India Limited to vote.

- xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
21. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23<sup>rd</sup> September 2016.
22. Mrs. Pooja Jain, Practising Company Secretary and on failing her, Mr. Hemanshu Kapadia, Practising Company Secretary have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
23. At the Annual General Meeting the Chairman shall provide voting facilities for the attending members who have not cast their votes electronically through poll.
24. The Scrutinizer shall immediately after the conclusion of voting at the general



meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, within a period not exceeding 48 hours from the conclusion of the meeting a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

25. The Chairman or the authorised person shall declare the results of the voting forthwith and the results declared alongwith the report of the scrutinizer shall be placed on the website of the Company i.e. [www.neogemindia.com](http://www.neogemindia.com).

**By Order of the Board of Directors**

**Gaurav Doshi**

*Chairman & Managing Director*

**DIN-00166703**

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

**Place:** Mumbai

**Date:** 2<sup>nd</sup> September 2016

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357

**Annexure to Item no. 2 of the Notice**

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

Name	Mr. Ronak Doshi
Date of Birth	12/11/1974
Age	41 years
Nationality	Indian
Qualification	B.Com. from University of Mumbai
Nature of Expertise	He has a vast experience in the Manufacturing, Sales and Marketing of diamond studded Jewellery.
Date of 1st appointment on the Board of the Company	28/03/1997
Number of meetings of the Board attended during the year	6
Experience	23 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 re-appointment.
Shareholding in Neogem India Limited	8,70,800
Relationship with Directors, Managers or other KMP	Related to Mr. Gaurav Doshi (DIN-00166703), Chairman & Managing Director of the Company.
Last Remuneration drawn	Rs. 669500/-
Remuneration to be drawn after appointment/ re-appointment	It shall continue to be the same as earlier i.e. Rs.1,00,000 per month with such increment as may be determined by the Board of Directors from time to time and perquisites upto maximum of Rs.15,000/-.

## DIRECTORS' REPORT

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

Your Directors present the **Twenty-fifth Annual Report** of the Company and the Audited Financial Statement for the year ended **March 31, 2016**.

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

The financial highlights of the Company, for the year ended March 31, 2016 is summarized below:

(in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Revenue from Operations	23,98,12,217	56,66,43,032
Other Income	0.00	21,165
Profit before Depreciation & Tax	(4,78,70,846)	19,73,045
Less: Depreciation	7,88,859	16,65,668
Profit for the year before tax	(4,86,59,705)	3,07,377
Less: Exceptional Items	2700	0.00
Add/(Less): Provision for Taxation	1,85,579	(2,45,563)
Profit after Tax	(4,84,76,825)	61,815

During the year under review, the Sales have decreased from Rs.56,66,43,032 in previous year to Rs. 23,98,12,217 in current year due to adverse market conditions. However, due to dip in sales and because of the Bad Debts Written off amounting to Rs. 1,73,12,596/- during the year, the Company suffered a loss of Rs. 4,84,76,825/-. However, your Directors are hopeful of better results in future.

### 2. **Dividend:**

In view of the losses, your Directors do not recommend any dividend for the financial year ended 2015-16.

### 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 overall demand for diamond and jewellery has remained subdued during the year under review. The global economic uncertainty has directly and indirectly impacted consumers' preference for luxury and lifestyle products. This has resulted in negative growth in some of the key markets. Your Company is therefore exercising caution in

marketing by limiting its exposure to specific customers and regions. The Company also uses the services of in-house designers in developing product designs as per emerging market trends.

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

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. However, the Company received Listing approval as on 21<sup>st</sup> March, 2016 and Trading Approval as on 1<sup>st</sup> August, 2016 for the allotment of 292000 Equity shares of Rs. 10/-each as on 31<sup>st</sup> March, 2015 pursuant to conversion of Warrants which were issued on preferential basis to the promoter group based on the members' approval dated 30<sup>th</sup> September 2013.

**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.

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

The Company did not have any Subsidiary Company/Joint Venture/Associate Company during the year under review.

**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 Note no. 2.25 of the Financial Statement, the company has availed working capital loans from Punjab National Bank and Bank of India. During the year the accounts has been classified as non-performing assets by the respective banks.

**10. Auditors:**

At the Annual General Meeting held on September 30, 2014, M/s. Ashok Bairagra & Associates (Firm's Registration No. 118677W), Chartered Accountants, were appointed as Auditors of the Company for 3 consecutive financial years i.e. till the financial year 2016-17. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Ashok Bairagra & Associates, Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2016-17, is to be placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if their appointment is ratified in ensuing Annual General Meeting, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

**11. Management Discussion And Analysis:**

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

**12. Extract of the Annual Return:**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in Form MGT – 9 is appended as **Annexure 2** of the Board's Report.

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

**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 equipments:**

Not applicable

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

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

Indigenous/Locally available raw materials are utilized to gain maximum advantage.

**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:

(In Rs. Lacs)

Particulars	2015-16	2014-15
Foreign exchange earned on F.O.B. basis	183,749,474	155,939,435
Foreign exchange outgo (CIF value of Imports)	129,053,227	142,910,567

**14. 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. RonakDoshi (DIN:00102959), who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks reappointment pursuant to the provisions of Section 152 of the Companies Act, 2013. During the year, Mr. Vikas Patel (DIN: 00131285), Non-executive Independent Director of the Company resigned from the services of the Company. The resignation was effective from 1<sup>st</sup> March, 2016.

The Company has received the declarations u/s 149(7) of the Act from all the Independent Directors of the Company confirming that they meet 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'] with Stock Exchanges. The Company has also received Disclosure of Interest by Directors as per the provisions of Section 184 of Companies Act, 2013 and and that they are not disqualified to become directors under the Act; and in the opinion of the Board of Directors, all the Independent Directors fulfill the criteria of independence as provided under the Act, rules made thereunder, read with the Listing Regulations and that they are independent of the management.

Brief resume of the director proposed to be re-appointed and relevant information including nature of their 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.

**B. Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ['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 Board approved the evaluation results as collated by the Nomination and Remuneration Committee.

**C. Directors:**

**i. Independent Directors:**

In accordance with the criteria suggested by the Nomination and Remuneration Committee, the performance of each 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 every Independent Director was a reputed professional and brought his rich experience to the deliberations of the Board. The Board also appreciated the contribution made by all Independent Directors in guiding the management to achieving higher growth and continuance of each 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 Directors at their separate meeting. Further, their performance was also evaluated by the Board of Directors. The 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. Declaration by an Independent Director(s) and re-appointment, if any:**

All the Independent Directors have provided the declaration of Independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6).

**iv. Familiarization Programme to Independent Directors:**

Though it is not mandatory for the Company to provide any formal familiarization programme, however the Company provides suitable familiarization programme to Independent Directors so as to associate themselves with the nature of the industry in which the Company operates and business model of the company in addition to regular presentation on technical operations, marketing and exports and financial statements. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, Listing Regulations with regard to their roles, rights and responsibilities as Directors of the Company.

**15. 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. i. Audit Committee:**

The Board has constituted an Audit Committee comprising of Mr. Vikas Patel (DIN: 00131285), Independent Director as the Chairman of the Committee, and Mr. Jayant Nagarkar (DIN: 00131405), Independent Director and Mr. Gaurav Doshi (DIN-00166703), Managing Director as the members of the Committee. However, pursuant to the resignation of Mr. Vikas Patel (DIN: 00131285), Independent Director with effect from 1<sup>st</sup> March, 2016; the Audit Committee was reconstituted

comprising of Ms. Renu Kathuria (DIN: 01669882), Independent Director as the Chairperson of the Committee, and Mr. Jayant Nagarkar (DIN: 00131405), Independent Director and Mr. Gaurav Doshi (DIN-00166703), Managing Director as the members of the Committee. The recommendations of the Audit Committee is always welcomed and accepted by the Board and all the major steps impacting the financials of the Company are undertaken only after the consultation of the Audit Committee.

**A. ii. 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 concerns and has also taken steps to safeguard any person using this mechanism from victimization and in appropriate and exceptional cases; there is direct access to approach Ms. Renu Kathuria (DIN: 01669882), Chairperson of the Audit Committee.

**B. Nomination and Remuneration Committee:**

The Board has constituted Nomination and Remuneration Committee under Section 178 of the Companies Act, 2013. Mr. Vikas Patel (DIN: 00131285), Independent Director is the Chairman of the said Committee and Mr. Jayant Nagarkar (DIN: 00131405) and Ms. Renu Kathuria (DIN: 01669882), Independent Directors are the members of the Committee. However, pursuant to the resignation of Mr. Vikas Patel (DIN: 00131285), Independent Director with effect from 1<sup>st</sup> March, 2016; the Nomination and Remuneration Committee was reconstituted comprising of Ms. Renu Kathuria (DIN: 01669882), Independent Director as the Chairperson of the Committee, and Mr. Jayant Nagarkar (DIN: 00131405), Independent Director as the member of the Committee. The Committee has framed a policy to determine the qualification and attributes for appointment and basis of determination of remuneration of all the Directors, Key Managerial Personnel and other employees. A copy of the policy is annexed as **Annexure 3**.

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

The Stakeholder's Relationship Committee comprises of Mr. Vikas Patel (DIN: 00131285), Independent Director as the Chairman of the said Committee and Mr. Jayant Nagarkar (DIN: 00131405), Independent Director as the member of the Committee. However, during the year, due to the resignation of Mr. Vikas Patel (DIN: 00131285), Independent Director with effect from 1<sup>st</sup> March, 2016, the Stakeholder's Relationship Committee was reconstituted comprising of Ms. Renu Kathuria (DIN: 01669882), Independent Director as the Chairperson of the Committee and Mr. Jayant Nagarkar (DIN: 00131405), Independent Director as the member 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.



Sr. no.	Auditor's Observations	Reply of Management
1.	The Company has not appointed a Whole- time Company Secretary as required pursuant to Section 203 of the Companies Act, 2013 and Regulation 6 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR")	The Company is searching for a suitable candidate and shall appoint the Whole-time Company Secretary on finding right candidate.
2.	The Nomination and Remuneration Committee is not in conformity with the Companies Act, 2013 as according to Section 178 of the Companies Act, 2013, the Committee shall comprise of three or more Non-Executive Director, while Company has only 2 Non-Executive Director during the period from 1.4.2015 to 1.9.2015 and thereafter from 1.3.2016.	At the beginning of the financial year, the Company was short of one Independent Director, however in the last Annual General Meeting the Company had appointed Ms. RenuKathuria as an Independent Director who is also a member of Company's Nomination and Remuneration Committee, thus complying with the said requirement from 2.9.2015. However, due to resignation of Mr. Vikas Patel, Independent Director effective from 1.3.2016, the Company is again short of one Independent Director and is process of searching the same.
3.	The Company has not appointed Woman Director as required under Section 149 of the Companies Act, 2013 upto 1.9.2015.	At the beginning of the financial year, the Company had not appointed a Woman Director, however the same has been appointed in the Board meeting held on 2 <sup>nd</sup> September 2015.
4.	The Company has not appointed Internal Auditor as required under Section 138 of the Companies Act, 2013	Though the Company has not formally appointed Internal Auditor, in accordance with the size of the Company, the Company has proper internal control system and procedure in place.

5.	The Company has not published notice convening Board Meeting for approval of quarterly financial results held on 30 <sup>th</sup> May, 2015, 14 <sup>th</sup> August, 2015 and 13 <sup>th</sup> February, 2016 in English and Marathi newspaper as required under Clause 41(III)(a) of the Listing Agreement/Regulation 47 of the LODR.	The Management had noted the Auditor's observations mentioned in previous Secretarial Audit Report and had started complying with the same from September 2015. However, inadvertently the same was missed out for the Board Meeting held on 13th February, 2016
6.	The Company has not paid the listing fees to BSE Limited for the f.y. 2015-16 within time	The Company had missed the same and thereafter paid the same on 28-09-2015

**16. Secretarial Audit 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 carry out the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith as **Annexure 4**. The management's replies to the observations of the Secretarial Auditors are as under:

**17. Number of meetings of the Board of Directors:**

The Board of Directors met Six(6) times during the Financial Year. The intervening gap between any two meetings was not more than 120 days as prescribed by the Companies Act, 2013. Details of dates of Board meeting are as under:

Sr. No	Type of Meeting	Date
1.	Board Meeting	May 30, 2015
2.	Board Meeting	August 14, 2015
3.	Board Meeting	September 02, 2015
4.	Board Meeting	November 09, 2015
5.	Board Meeting	February 13, 2016
6.	Board Meeting	March 04, 2016

**18. 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.

**19. 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 related parties which are not on arms' length basis or are on arms' length basis and material in nature. 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.

**20. Directors' Responsibility Statement:**

As stipulated under clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors subscribe to the Directors Responsibility Statement and state that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from them;
- 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.

**21. 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 annexed as **Annexure 5**.
- 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 are annexed as **Annexure 6**. Further there were no employees falling under the category of prescribed remuneration under the said rule and thus, none of the disclosures under the same are provided.

**22. Report on Corporate Governance:**

As per the provisions of Listing Agreement as well as Listing Regulations, Corporate Governance is not applicable to your Company. So, the Company is not required to formulate a Report on Corporate Governance.

**23. 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 also has not constituted a CSR Committee.

**24. 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.

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

Adequate internal controls, systems, and checks are in place, commensurate with the size of the Company and the nature of its business. 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. On a periodical basis, the Board also engages the services of professional experts in the said field in order to ensure that the financial controls and systems are in place. 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.

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

No complaints pertaining to sexual harassment were received during the F. Y. 2015-16.

**27. 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) Details relating to deposits covered under Chapter V of the Act.
- b) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- c) Issue of shares (including sweat equity shares) to employees of the Company under any

scheme.

- d) The Company does not have any Subsidiaries and/or Joint Venture and/or Associate Company.
- e) Details of payment of remuneration or commission to Managing Director or Joint Managing Director of the Company from any of its subsidiaries as the Company does not have any Subsidiaries/Joint Venture/Associate Company.
- f) Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

**28. 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 involvements of the employees at all levels 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

**Place:** Mumbai

**Date:** 2<sup>nd</sup> September 2016

**Registered Office:**

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

**CIN:** L36911MH1991PLC063357

## ANNEXURE 1

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**1) Industry Structure & Developments and Outlook**

The Gems and Jewellery sector in India plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. The sector has gained global popularity because of its talented craftsmen, its superior practices in cutting and polishing fine diamonds and precious stones, and its cost-efficiencies. One of the fastest growing sectors, it is extremely export oriented and labour intensive. India is also the world's largest diamond-cutting and polishing centre and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. The government of India has declared the sector as a focus area for export promotion based on its potential for growth and value addition. The government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

The country exports 95% of the world's diamonds, as per statistics from the Gems and Jewellery Export Promotion Council. In FY2015-16, the Indian gems and jewellery industry contributed USD 38.59 bn to the country's foreign exchange earnings.

The overall exports of gems and jewellery from India declined by 3.48% in FY2015-16 compared to the previous year, owing to a slowdown in the global economy. The decline was primarily driven by a sharp fall in exports of cut and polished diamonds (CPD) by 13.69% from US 23.16 bn in FY2014-15 to USD 19.99 bn in FY2015-16. In rupee terms, however, the slump was 13.7 per cent to Rs 1.31 lakh crore, from Rs 1.41 lakh crore the previous year. The UAE was the top export market, accounting for 32% of the exports, followed by Hong Kong and the US, accounting for 28% and 22%, respectively.

The lower costs of importing roughs through the SNZ (special notified zone) establishment in India is anticipated to benefit the Indian G & J industry hugely in the coming years and will result in an upward growth curve, very soon.

**Recent regulatory scenario**

The major regulatory changes announced in the Union Budget 2016-17 include: Sector-wise growth in Gross Value Added (GVA)

Excise Duty	Imposition of 1% excise duty without input tax credit or 12.5% with input tax credit on articles of jewellery (which excludes silver jewellery, other than studded with diamonds and some other precious stones)
Goods and Service (GST)	At last Government has successfully pushed a historic Indirect Tax Tax reform legislation by getting Parliament approval on Goods and Services tax (GST), this will integrate several Indirect taxes being levied by Central Government & State Government to one

	common tax throughout the country and will help ease of doing business. As per recent development GST is expected to roll out from April 01, 2017
Government Initiative	The initiatives like Make in India and Digital India taken by the Government would boost demand and hence spur development.

Neogem India Limited is engaged in manufacturing and export of diamond 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:**

- 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
- Safe investment

### **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
- Fluctuation in the price of gold
- Depreciating value of Rupee having a direct impact on the prices of diamond.

## **3) Performance**

The management was focused on optimizing cost efficiencies to enable the business to cope with the economic crisis. This has enabled the Company to export its products in competitive global markets like U.S.A., Hong Kong, Middle East, etc. which contribute a major part of the total exports turnover. The Company's products are well recognized in the

International market and the Company has been a landmark in producing a high quality premium range of jewellery.

**4) Operations**

The Company achieved a sales turnover of Rs. 239,812,217/- in current year as compared to Rs. 56,66,43,032/- in previous year. The Company made a loss before tax of Rs. 48,662,405. With favorable market conditions, your Directors expect better performance in future.

**5) Internal Controls & their adequacy**

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

**6) Human Resources & Industrial Relations**

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

During the year 2015-16, Industrial relations were cordinal and harmonious.

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-400096

Place: Mumbai

Date: 2<sup>nd</sup> September 2016

**Registered Office:**

G-32, Gems & Jewellery Complex III,

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

**CIN:** L36911MH1991PLC063357



**ANNEXURE - 2**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**as on financial year ended on 31.03.2016**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration ) Rules, 2014.**

**I REGISTRATION & OTHER DETAILS:**

i	CIN	L36911MH1991PLC063357
ii	Registration Date	25/09/1991
iii	Name of the Company	NEOGEM INDIA LIMITED
iv	Category/Sub-category of the Company	COMPANY LIMITED BY SHARE CAPITAL
v	Address of the Registered office & contact details	G-32 GEMS & JEWELLERY COMPLEX III 2ND FLOOR SEEPZ ANDHERI EAST, MUMBAI-400096
vi	Whether listed company	YES
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	M/s. SYSTEM SUPORT 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"

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sr No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacture of jewellery of gold, silver and other precious or base metal metal clad with precious metals or precious or semi-precious stones, or of combinations of precious metal and precious or semi-precious stones or of other materials	32111	100

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

Sr No	Name & Address of the Company	CIN/GLN	HOLDING /SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
N.A					

#### IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year (1.4.2015)				No. of Shares held at the end of the year (31.3.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	3431550	0	3431550	41.99	3431550	0	3431550	41.99	0
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL:(A) (1)</b>	<b>3431550</b>	<b>0</b>	<b>3431550</b>	<b>41.99</b>	<b>3431550</b>	<b>0</b>	<b>3431550</b>	<b>41.99</b>	<b>0</b>
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	3431550	0	3431550	41.99	3431550	0	3431550	41.99	0
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Cenntral govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

(2) Non Institutions									
a) Bodies corporates	583884	71600	655484	8.02	534579	71600	606179	7.42	-0.60
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	743865	871250	1615115	19.76	822836	854450	1677286	20.52	0.76
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	2365651	50800	2416451	29.57	2355285	50800	2406085	29.44	-0.13
c) Others (specify)									
NRI Individuals (Non Rep)	1600	0	1600	0.02	1600	0	1600	0.02	0
NRI (Repatriation)	5000	46800	51800	0.63	2500	46800	49300	0.60	-0.03
SUB TOTAL (B)(2):	3700000	1040450	4740450	58.01	3716800	1023650	4740450	58.01	0
Total Public Shareholding(B)=(B)(1)+(B)(2)	3700000	1040450	4740450	58.01	3716800	1023650	4740450	58.01	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	7131550	1040450	8172000	100.00	7148350	1023650	8172000	100.00	0

**(ii) SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	"Shareholding at the beginning of the year"			"Shareholding at the end of the year"			% change in share holding during the year
		No of shares	"% of total shares of the company"	"% of shares pledged encumbered to total shares"	No of shares	"% of total shares of the company"	"% of shares pledged encumbered to total shares"	
1	GAURAV MAHINDRA DOSHI	870800	10.66	0	870800	10.66	0	0.00
2	REKHA MAHINDRA DOSHI	1089950	13.34	0	1089950	13.34	0	0.00
3	RESHMA RONAK DOSHI	300000	3.67	0	300000	3.67	0	0.00
4	RONAK MAHINDRA DOSHI	870800	10.66	0	870800	10.66	0	0.00
5	VAITASI GAURAV DOSHI	300000	3.67	0	300000	3.67	0	0.00
	Total	3431550	41.99	N.A	3431550	41.99	N.A	0.00

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

Sl. No.		Share holding at the beginning of the Year		Increase/ Decrease in no. of shares	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company		No of shares	% of total shares of the company
1	<b>Gaurav M. Doshi</b>					
	At the beginning of the year	870800	10.66			
	Nil movement during the year			0		
	At the end of the year				870800	10.66
2	<b>Rekha M. Doshi</b>					
	At the beginning of the year	1089950	13.34			
	Nil movement during the year			0		
	At the end of the year				1089950	13.34
3	<b>Reshma R. Doshi</b>					
	At the beginning of the year	300000	3.67			
	Nil movement during the year			0		
	At the end of the year				300000	3.67
4	<b>Ronak M. Doshi</b>					
	At the beginning of the year	870800	10.66			
	Nil movement during the year			0		
	At the end of the year				870800	10.66
5	<b>Vaitasi G. Doshi</b>					
	At the beginning of the year	300000	3.67			
	Nil movement during the year			0		
	At the end of the year				300000	3.67

(IV) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Share holding at the beginning of the Year		Increase/ Decrease in no. of shares	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company		No of shares	% of total shares of the company
<b>1</b>	<b>URVINDERPAL ATTARSINGH</b>					
	At the beginning of the year -1.4.2015	800000	9.79			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			0		
	At the end of the year - 31.3.2016				800000	9.79
<b>2</b>	<b>DHYAN STOCK BROKING PVT. LTD.</b>					
	At the beginning of the year -1.4.2015	225200	2.76			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			0		
	At the end of the year - 31.3.2016				225200	2.76
<b>3</b>	<b>JIGNESH R MEHTA</b>					
	At the beginning of the year -1.4.2015	167300	2.05			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc)			0		
	At the end of the year - 31.3.2016				167300	2.05
<b>4</b>	<b>NNM SECURITIES PVT. LTD.</b>					
	At the beginning of the year -1.4.2015	165550	2.03			
	Decrease due to sale on 11.12.2015			14145	151405	1.85
	Decrease due to sale on 08.01.2016			7000	144405	1.77
	Decrease due to sale on 15.01.2016			5000	139405	1.71
	Decrease due to sale on 05.02.2016			1	139404	1.71
	At the end of the year - 31.3.2016				139404	1.71
<b>5</b>	<b>MAHESH CHAIN KHUBCHANDANI</b>					
	At the beginning of the year -1.4.2015	128300	1.57			
	Date wise increase/decrease in Share holding during the year					



	specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	128300	1.57
6	<b>DARSHANA SHASHIKANT BAGADIA</b>					
	At the beginning of the year -1.4.2015	120000	1.47			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	120000	1.47
7	<b>PUJA SHRENIK BAGADIA</b>					
	At the beginning of the year -1.4.2015	120000	1.52			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	120000	1.47
8	<b>PANIBEN MOHANLAL JAIN</b>					
	At the beginning of the year -1.4.2015	119000	1.46			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	119000	1.46
9	<b>JYOTI RAJESH BAGADIA</b>					
	At the beginning of the year -1.4.2015	107500	1.32			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	107500	1.32
10	<b>SAMKIT RAKYAN</b>					
	At the beginning of the year -1.4.2015	84300	1.03			
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) At the end of the year - 31.3.2016			0	84300	1.03

**(v) Shareholding of Directors & KMP**

Sl. No.		Share holding at the beginning of the Year		Increase/ Decrease in no. of shares	Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company		No of shares	% of total shares of the company
	For Each of the Directors & KMP					
<b>1</b>	<b>GAURAV MAHINDRA DOSHI (MD)</b>					
	At the beginning of the year	870800	10.66			
	Nil movement during the year			0		
	At the end of the year				870800	10.66
<b>2</b>	<b>RONAK MAHINDRA DOSHI (WTD &amp; CFO)</b>					
	At the beginning of the year	870800	10.66			
	Nil movement during the year			0		
	At the end of the year				870800	10.66

**(VI) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	162,330,525	NIL	205,740	162,536,265
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	162,330,525	NIL	205,740	162,536,265
Change in Indebtedness during the financial year				
Additions	20,501,498	NIL	NIL	20,501,498
Reduction	NIL	NIL	NIL	NIL
Net Change	20,501,498	NIL	NIL	20,501,498
Indebtedness at the end of the financial year				
i) Principal Amount	182,832,023	NIL	NIL	183,037,763
ii) Interest due but not paid		NIL	NIL	
iii) Interest accrued but not due		NIL	NIL	
Total (i+ii+iii)	182,832,023	NIL	NIL	183,037,763

**(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Gaurav M. Doshi - MD	Mr. Ronak M. Doshi (WTD-cum-CFO)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	659400	669500	1328900
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	as % of profit	0	0	0
	others (specify)	0	0	0
5	Others, please specify	0	0	0
	Total (A)	659,400	669,500	1,328,900
	Ceiling as per the Act	Rs.42,00,000 per managerial personnel. (As per Section II, Part II of Schedule V of the Companies Act, 2013)		

**B. Remuneration to other directors:**

Sl.No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	Ms. Renu Kathuria	Mr. Jayant Nagarkar	
	(a) Fee for attending board committee meetings	0	0	0
	(b) Commission	0	0	0
	(c) Others, please specify	0	0	0
	Total (1)	0	0	0
2	Other Non Executive Directors			
	"(a) Fee for attending board committee meetings"	Not Applicable as there are no Non Executive Directors		
	(b) Commission			
	(c) Others, please specify.			
	Total (2)			
	Total (B)=(1+2)			
	Total Managerial Remuneration			
	Overall Ceiling as per the Act.			



**C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.			The WTD acts as the CFO as well, his remuneration mentioned in Table A	
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission as % of profit others, specify				
5	Others, please specify				
	Total				

**VIII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeall made if any (give details)
A. COMPANY					
<u>Penalty Punishment Compounding</u>	NOT APPLICABLE				
B. DIRECTORS					
<u>Penalty Punishment Compounding</u>	NOT APPLICABLE				
C. OTHER OFFICERS IN DEFAULT					
<u>Penalty Punishment Compounding</u>	NOT APPLICABLE				

## NOMINATION & REMUNERATION POLICY

### Introduction:

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Senior Management Level of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Section 178 of the Companies Act, 2013, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### Terms of Reference:

The Board of Directors in its meeting held on the 30th May 2014 reconstituted the Existing Remuneration Committee of Directors as "Nomination & Remuneration Committee" of Directors with the following terms of reference:-

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel
- To provide them reward-linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria, the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on the 30th May 2014.

**Effective Date:** This policy shall be effective from the 1st April, 2014. Constitution of the Nomination and Remuneration Committee

- |                                       |          |
|---------------------------------------|----------|
| 1. Mr. Vikas Patel(DIN-00131285)      | Chairman |
| 2. Mr. Jayant Nagarkar (DIN 00131405) | Member   |

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirements.

### Definitions:

1. Board means Board of Directors of the Company.
2. Directors mean Directors of the Company.
3. Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board
4. Company means Neogem India Limited
5. Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
6. Key Managerial Personnel (KMP) means
  - i. Executive Chairman and / or Managing Director
  - ii. Whole-time Director
  - iii. Chief Financial Officer
  - iv. Company Secretary
  - v. Such other officer as may be prescribed under the applicable statutory provisions / regulations
- vi. Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President including Vice President of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning, respectively, assigned to them therein.

**Applicability:** The Policy is applicable to

- Directors (Executive and Non-Executive)

- Key Managerial Personnel
- Senior Management Personnel

## General

- This Policy is divided in three parts: Part–A covers the matters to be dealt with and recommended by the Committee to the Board, Part–B covers the appointment and nomination and Part – C covers remuneration, perquisites, etc.

## **PART A: MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy
- Recommend to the Board, appointment and removal of a Director, KMP and Senior Management Personnel

## **PART–B: POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as a Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **4. Term / Tenure:**

**1. Managing Director/Whole-time Director:** - The Company shall appoint or reappoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**2. Independent Director:** - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. -No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company

### **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:** Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of and compliance with the said Act, rules and regulations.
- **Retirement:** The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **PART – C POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, WHOLE-TIME DIRECTOR,**

## KMP AND SENIOR MANAGEMENT PERSONNEL

### General:

1. The remuneration / compensation / commission, etc. to the Managing Director, Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company & Central Government, as required.
2. The remuneration and commission to be paid to the Managing Director and the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Where any insurance is taken by the Company on behalf of its Managing Director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

### • Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

1. Fixed pay: The Managing Director, Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and the Central Government, wherever required
2. **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director and the Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
3. **Provisions for excess remuneration:** If the Managing Director or the Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### • Remuneration to Non- Executive / Independent Director:

1. **Remuneration / Commission:** The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.
2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof, provided that the amount of such fees shall not exceed Rs.20,000/- per meeting of the Board or Committee or such amount as may be prescribed/decided by the Board from time to time.
3. **Commission:** Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.
4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company

## POLICY REVIEW

This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulation which makes any provision of the policy inconsistent with the Act or Regulations, the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make them consistent with the law.

The Policy shall be reviewed by the Nomination and Remuneration Committee as and when changes need to be incorporated in the policy due to changes in regulations or as may be felt appropriate by the Committee. Any change or modification in the policy as recommended by the Committee shall be placed for approval to the Board.

## Annexure 4

**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 31<sup>st</sup> March 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule*

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

To,

The Members,

**Neogem India Limited**

G-32, Gems & 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 31<sup>st</sup> March 2016 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 31<sup>st</sup> March 2016, 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') and the Rules made thereunder;
- (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, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS**);
  - (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 period as delisting of securities did not take place**); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period as the Company has not Bought back its securities**);
  - (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
      - (ii) The Listing Agreement entered into by the Company with BSE Limited for the period 1<sup>st</sup> April, 2015 to 30<sup>th</sup> November 2015 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") for the period 1<sup>st</sup> December, 2015 to 31<sup>st</sup> March, 2016.
- 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 a Whole- time Company Secretary as required pursuant to Section 203 of the Companies Act, 2013 and Regulation 6 of LODR.*
  2. *The Nomination and Remuneration Committee is not in conformity with the Companies Act, 2013 as according to Section 178 of the Companies Act, 2013, the Committee shall comprise of three or more Non-Executive Director, while Company has only 2 Non-Executive Director during the period from 1.4.2015 to 1.9.2015 and thereafter from 1.3.2016.*
  3. *The Company has not appointed Woman Director as required under Section 149 of the Companies Act, 2013 upto 1.9.2015.*
  4. *The Company has not appointed Internal Auditor as required under Section 138 of the Companies Act, 2013.*
  5. *The Company has not published notice convening Board Meeting for approval of quarterly financial results held on 30<sup>th</sup> May, 2015, 14<sup>th</sup> August, 2015 and 13<sup>th</sup> February, 2016 in English and Marathi newspaper as required under Clause 41(III)(a) of the Listing Agreement/Regulation 47 of the LODR.*
  6. *The Company has paid the listing fees to BSE Limited for the f.y. 2015-16 after the due date.*

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors *except our observation above relating to composition of Nomination and Remuneration Committee*. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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/debentures/sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

For Hemanshu Kapadia & Associates

Hemanshu Kapadia

Proprietor

C.P. No.: 2285

Membership No.: 3477

Place: Mumbai

Date: 2<sup>nd</sup> September 2016

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 & 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.

For Hemanshu Kapadia & Associates

Hemanshu Kapadia  
Proprietor  
C. P. No. 2285  
Membership No. 3477

Place: Mumbai  
Date: 2<sup>nd</sup> September 2016

**Annexure-5**
**DETAILS OF REMUNERATION**

**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The percentage increase in remuneration of each Director during the Financial Year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2015-16 (in Rs.)	% Increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees
1.	Mr. Gaurav Doshi Chairman and Managing Director	659,400	-5.8%	9.46
2.	Mr. Ronak Doshi Whole-time Director and CFO	669,500	-4.36%	9.6

*® Both the Independent Directors did not draw any remuneration.*

**i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:**

The median remuneration of employees of the Company during the Financial Year was Rs.69742/- and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table

**ii. The percentage increase in the median remuneration of employees in the Financial Year:**

In the Financial Year, there was a decrease of 10.92% in the median remuneration of employees.

**iii. The number of permanent employees on the rolls of Company:**

There were 75 (Including KMP) permanent employees on the rolls of the Company as on March 31, 2016.

**iv. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if**



**there are any exceptional circumstances for increase in the managerial remuneration:**

Average percentile increase made in the salaries of employees other than the managerial personnel in the last Financial Year i.e. 2015-16 was 36.98% whereas the percentile decrease in the managerial remuneration for the Financial Year 2015-16 was 116.56%. Justification: The Company's poor performance was the reason of the decrease in the cost of human resource; however, the management understands that its human resource is an indispensable part of the Company and thus, the managerial personnel has undertaken the maximum burden to reduce the cost by reducing their remuneration.

**v. Affirmation that the remuneration is as per the remuneration policy of the company:**

It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

**ANNEXURE 6**
**Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**
**The details of top ten employees of the Company:**

Name	Ronak Doshi	Gaurav Doshi
Designation	Whole Time Director & CFO	Chairman and Managing Director
Remuneration paid	669500	659400
Nature of employment	Executive Director	Executive Director
Qualifications and Experience	B.Com from University of Mumbai	B.Com from University of Mumbai
Date of commencement of employment	28.03.1997	22.10.1999
Age	41	39
Previous Employment	NA	NA
No. of shares in the Company	10.66	10.66
Whether relative of Director or employee	Related to Mr. Gaurav Doshi	Related to Mr. Ronak Doshi

Name	Mahindra Doshi	Gautam Maheshwari
Designation	Executive President	Marketing & Sales Manager
Remuneration paid	436500	384000
Nature of employment	Permanent	Permanent
Qualifications and Experience	B.Com from University of Mumbai	Diploma in Computer
Date of commencement of employment	01.07.2015	01.12.2014
Age	71	34
Previous Employment	Neolux Marketing	Prefection Advertising
No. of shares in the Company	NA	NA
Whether relative of Director or employee	Related to Mr. Gaurav Doshi and Mr. Ronak Doshi	NA

Name	Xavier Rodrigues	Madhukar Nikam
Designation	Hr Executive	Import Export Officer
Remuneration paid	259904	240348
Nature of employment	Permanent	Permanent
Qualifications and	SYBCOM	TYBCOM

Experience		
Date of commencement of employment	01.12.2014	01.04.2012
Age	42	46
Previous Employment	Circle K Office System	Rajkumar Shipping Co
No. of shares in the Company	NA	NA
Whether relative of Director or employee	NA	NA

Name	Bharat Sanghani	Rajesh Ahire
Designation	Stores Incharge	Setting Suprvisor
Remuneration paid	240015	216762
Nature of employment	Permanent	Permanent
Qualifications and Experience	SSC	9th Std
Date of commencement of employment	01.01.2014	01.12.2014
Age	63	38
Previous Employment	Darshan Marketing Pvt Ltd	Intergold
No. of shares in the Company	NA	NA
Whether relative of Director or employee	NA	NA

Name	Manisha Jangli	Sachin Kanal
Designation	Sr Accountant	Quality Control
Remuneration paid	213677	209884
Nature of employment	Permanent	Permanent
Qualifications and Experience	TYBCOM	SSC
Date of commencement of employment	01.08.2016	01.12.2014
Age	38	35
Previous Employment	Kiran Jewels	Shreejee Jewelery
No. of shares in the Company	NA	NA
Whether relative of Director or employee	NA	NA

**Note:** No employees fall within the limit specified under of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**Independent Auditor's Report**

To the Members of  
**Neogem India Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Neogem India Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

**Auditor's Responsibility.**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

Without qualifying our opinion, we draw attention to note 2.25 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 31-03-2016. Pending confirmation received the company has provided for interest payable in the financial statement till 31-03-2016.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its **Loss** and its Cash Flow for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. In our opinion there are no observations or comments on the financial transactions, which may have an adverse effect on the functioning of the Company subject to note no. 2.25.
  - f. On the basis of written representations received from the directors as on

March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- g. Report on the Internal Financial Controls under Clause (1) of Sub-section 3 of section 143 of the companies Act, 2013 ("the Act") is enclosed an annexure "B" to this report.
- 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, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigation as at March 31, 2016 which would impact its financial position.
  - ii) The Company did not have any long-term contracts including derivative contracts hence the question of making a provision for any resulting material foreseeable losses does not arise; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For ASHOK BAIRAGRA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 118677W

**Ashish Jalan**

Partner (M.No. A 125707)

Place : Mumbai

Date : 30<sup>th</sup> May 2016

### Annexure “A” to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) 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, 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. The title deeds of immovable properties are held in the name of the company.
- 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.
- 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) a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, 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. 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, 2016 for a period of more than six months from the date on when they become payable.
- b. 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 2.25 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 31-03-2016.

Pending confirmation received the company has provided for interest payable in the financial statement till 31-03-2016. The quantification for difference if any in actual interest and interest provided in the financial statement, hence cannot be determined.

- 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 4 (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 or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into 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 45 IA 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 ASHOK BAIRAGRA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 118677W

**Ashish Jalan**

Partner (M.No. A 125707)

Place : Mumbai

Date : 30<sup>th</sup> May 2016



**Annexure “B” to the Independent Auditor's report of even date on the financial statement of Neogem India Limited**

**Report on the Internal Financial Controls 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 ('the Company') as of 31-Mar-2016 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 Company's management is responsible for establishing and maintaining internal financial controls. 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 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.

**Auditors' Responsibility** Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/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.

**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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 31-Mar-2016.

**For ASHOK BAIRAGRA & ASSOCIATES**

Chartered Accountants  
Firm Reg. No. 118677W

**Ashish Jalan**

Partner (M.No. A 125707)

Place : Mumbai

Date: 30<sup>th</sup> May 2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note No	As at 31st March, 2016	As at 31st March, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	2.1	<b>81,720,000</b>	81,720,000
(b) Reserves and Surplus	2.2	<b>15,487,166</b>	60,507,992
<b>(2) Share Application Money pending allotment</b>	<b>2.3</b>	<b>-</b>	3,456,000
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings		<b>-</b>	-
(b) Deferred Tax Liabilities (Net)	2.4	<b>196,260</b>	381,839
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	2.5	<b>182,832,022</b>	162,330,524
(b) Trade Payables	2.6	<b>204,895,767</b>	366,472,689
(c) Other Current Liabilities	2.7	<b>3,753,263</b>	9,809,372
(d) Short-Term Provisions	2.8	<b>10,715,938</b>	10,849,354
<b>TOTAL</b>		<b>499,600,416</b>	<b>695,527,770</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	2.9	<b>4,259,528</b>	4,356,680
(b) Non-Current Investments	2.10	<b>14,040</b>	14,040
(c) Long-Term Loans and Advances	2.11	<b>205,740</b>	205,740
<b>(2) Current Assets</b>			
(a) Inventories	2.12	<b>16,705,367</b>	105,108,518
(b) Trade Receivables	2.13	<b>460,724,604</b>	554,941,441
(c) Cash and Cash Equivalents	2.14	<b>3,942,722</b>	6,810,081
(d) Short-Term Loans and Advances	2.15	<b>13,748,413</b>	24,091,269
<b>TOTAL</b>		<b>499,600,416</b>	<b>695,527,770</b>

**Significant accounting policies and Notes to Accounts:** 01 - 02

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

**Auditors' Report**

**As per our Report of even date attached**

**For Ashok Bairagra & Associates**

Chartered Accountants

Firm Reg. No. 118677W

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

**Ashish Jalan**

Partner

Membership No. : F-125707

Place: Mumbai

Dated: 30<sup>th</sup> May, 2016

**Gaurav Doshi**

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Note No	As at	As at
		31st March, 2016	31st March, 2015
I. Revenue from Operations	2.16	239,812,217	566,643,032
II. Other Incomes	2.17	-	21,165
III. Total Revenue (I + II)		<u>239,812,217</u>	<u>566,664,196</u>
IV. Expenses:			
Manufacturing Expenses			
Cost of Materials Consumed	2.18	200,547,106	277,674,339
Purchases of Stock-in-Trade	2.19	13,340,464	253,054,957
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	2.20	955,475	(1,956,862)
Employee Benefits Expenses	2.21	9,532,033	7,713,707
Finance Costs	2.22	13,217,999	12,005,502
Depreciation and Adjustment Expense	2.23	788,859	1,665,668
Other Expenses	2.24	50,089,985	16,199,509
Total Expenses		<u>288,471,922</u>	<u>566,356,819</u>
V. Profit before Exceptional and Extraordinary Items and Tax (III - IV)		(48,659,705)	307,377
VI. Exceptional Items		2,700	-
VII. Profit before Extraordinary Items and Tax (V - VI)		(48,662,405)	307,377
VIII. Extra Ordinary Items		-	-
IX. Profit before Tax (VII - VIII)		<u>(48,662,405)</u>	<u>307,378</u>
X. Tax Expense:			
(1) Current tax		-	(310,847)
(2) Income Tax of Earlier Year		-	-
(3) Deferred Tax		185,579	65,284
XI. Profit/ (Loss) for the period from Continuing Operations (IX - X)		<u>(48,476,825)</u>	<u>61,815</u>
XII. Profit/Loss from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/ (Loss) from Discontinuing Operations (after Tax) (XII - XIII)		-	-
XV. Profit/ (Loss) for the Period (XI + XIV)		<u>(48,476,825)</u>	<u>61,815</u>
XVI. Earnings Per Equity Share			
(1) Basic		(5.93)	0.01
(2) Diluted		(5.93)	0.01

**Significant accounting policies and Notes to Accounts:** 01 - 02

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

**Auditors' Report**
**As per our Report of even date attached**
**For Ashok Bairagra & Associates**

Chartered Accountants

Firm Reg. No. 118677W

**Ashish Jalan**

Partner

Membership No. : F-125707

Place: Mumbai

Dated: 30<sup>th</sup> May, 2016

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

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

<b>PARTICULARS</b>	<b>2015-2016</b>	<b>2014 - 2015</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before taxation and extra - ordinary items	(48,662,405)	3,07,377
Adjustment for Depreciation	7,88,859	16,65,668
Interest Expenses	13,217,999	12,005,502
Interest Income	-	(13,833)
Operating Profit before working capital changes	(34,655,547)	13,964,714
Adjustment for Working Capital : <b>(Increase) / Decrease in current asset :</b>		
(Increase)/ Decrease in Debtors	94,216,836	49,223
(Increase)/ Decrease in Inventories	88,403,151	(8,711,945)
(Increase)/ Decrease in Deposits	-	34,330
(Increase)/ Decrease in Loans & advances	10,342,856	(9,090,222)
<b>Increase/ (Decrease) in current liability :</b>		
Increase/ (Decrease) in Creditors for goods	(161,576,922)	9,836,874
Increase/ (Decrease) in Creditors for expenses	(6,056,109)	336,792
Cash generated from operations	(9,325,735)	6,419,767
Less : Income Tax & FBT paid	(133,417)	(520,751)
Less : Extraordinary Item		
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(9,459,152)</b>	<b>5,899,016</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(691,706)	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(691,706)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Share Application	-	1,942,000
Interest on borrowings	(13,217,999)	(12,005,502)
Interest Received	-	13,833
Proceeds from Borrowings	20,501,498	5,190,138
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>7,283,499</b>	<b>(4,859,530)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS</b>	<b>(2,867,359)</b>	<b>1,039,485</b>
<b>CASH &amp; CASH EQUIVALENTS OPENING BALANCE</b>	<b>6,810,081</b>	<b>5,770,596</b>
<b>CASH &amp; CASH EQUIVALENTS CLOSING BALANCE</b>	<b>3,942,722</b>	<b>6,810,081</b>

**Auditors' Report**

As per our Report of even date attached

**For Ashok Bairagra & Associates**

Chartered Accountants

Firm Reg. No. 118677W

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

Partner

Membership No. : F-125707

Place: Mumbai

Dated: 30<sup>th</sup> May, 2016

**Gaurav Doshi**

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director

**NOTE “1”****SIGNIFICANT ACCOUNTING POLICIES****i. Basis of Preparation of Financial Statements**

The financial statements have been prepared to comply with all material respects with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

**ii. Use of Estimates**

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

**iii. Fixed Assets**

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

**iv. Depreciation**

In respect of premises, depreciation is computed on the Straight Line Method based on remaining useful lives of the assets in compliance with the provisions as specified in Schedule II of the Companies Act, 2013.

**v. Impairment of Assets**

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

**vi. Foreign Currency Transactions**

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

**vii. Investments**

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

**viii. Inventories**

- a. Raw Material is valued at cost on FIFO basis or Market Value whichever is lower.
  - b. WIP Stock is valued at cost on FIFO basis.
  - c. Finished Goods is valued at cost on FIFO basis or net realizable value whichever is lower.
  - d. Diamond included in the above stock is valued at specific identification method on FIFO basis
- Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any.

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

**ix. Revenue Recognition**

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

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

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

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

**x. Employee Benefits**

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

Leave Encashment Provision is made for Leave Encashment liability on the basis of Actual Calculation. Provident Fund & Family Pension Contribution to provident fund & family pension fund are provided for & payments in respect thereof are made to the relevant authorities on actual basis. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

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

**xi. Financial Derivatives and Commodity Hedging Transactions**

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

**xii. Provisions, Contingent Liabilities and Contingent Assets**

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

**xiii. Provision for Current and Deferred Tax**

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

Deferred tax resulting from "Timing Difference" between Book and Taxable profit is accounted for using the tax rates & laws that have been enacted or substantively enacted on the balance sheet date. The Deferred tax 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 crystallized.

**xiv. Cash Flow Statement**

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

**xv. Prior Period Items**

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

**xvi. Related Party Transaction**

Disclosure of transaction with Related Parties, as required by Accounting Standard 18 "Related Party

Disclosure” has been set out in a separate note forming part of this schedule. Related parties as defined under clause 3 of the accounting standard 18 have been identified on the basis of representations made by key management personnel and information available with the company.

**xvii. Earning per Share**

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

For Ashok Bairagra & Associates  
Chartered Accountants  
Firm Reg. No. 118677W

For and 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 : 30<sup>th</sup> May, 2016



**NOTES FORMING PART OF THE ACCOUNTS**

<b>NOTE '2.1' SHARE CAPITAL</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>AUTHORISED :</b> 1,00,00,000 Equity Shares of Rs.10/-each	100,000,000	100,000,000
<b>ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :</b> 81,72,000 Equity Shares of Rs.10/- each (P.Y. 81,72,000 Equity Shares of Rs.10/- each)	81,720,000	81,720,000
<b>TOTAL</b>	<b>81,720,000</b>	<b>81,720,000</b>
*During the year the company has further issued 2,92,000 equity shares having face value of Rs. 10/- each at a premium of Rs. 8/-.		

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

Name of Shareholders	As At 31st March 2016		As At 31st March 2015	
	No. of Shares	% Held	No. of Shares	% Held
Urvinderpal Attarsingh	8,00,000	9.79	8,00,000	9.79
Gaurav Doshi	8,70,800	10.66	8,70,800	10.66
Rekha Doshi	10,89,950	13.34	10,89,950	13.34
Ronak Doshi	8,70,800	10.66	8,70,800	10.66

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

Particulars	As At 31st March 2016	As At 31st March 2015
Number of Equity Share at the beginning of year	7,880,000	7,880,000
Add : Number of Share issued during the year	292,000	292,000
Number of Equity Share at the end of the year	8,172,000	8,172,000

<b>NOTE 2.2 RESERVES &amp; SURPLUS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
1. Share Premium Account		
As per last Balance Sheet	6,116,000	3,780,000
Add:- On further Issue of Capital	-	2,336,000
Closing Balance	6,116,000	6,116,000
2. Profit & Loss Account		
54,391,992		54,330,178
Add : During The Year	(48,476,825)	61,814
Closing Balance	5,915,166	54,391,992
3. Share Warrant Forefeited Account	3,456,000	-
<b>TOTAL</b>	<b>15,487,166</b>	<b>60,507,992</b>

**NOTES FORMING PART OF THE ACCOUNTS**

<b>NOTE 2.3 SHARE APPLICATION MONEY</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Share Application Money*	-	3,456,000
	-	3,456,000
Share application money received against allotment of 7,68,000 warrants allotted to the promoters as per the SEBI (ICDR) Regulations 2009 for which approval of shareholders was obtained in the AGM held on 30.09.2013 which was due for conversion on 20.8.2015 has been forfeited as no further call money was received till the date of expiration of share warrant		

**NOTE 2.4 DEFERRED TAX LIABILITY & DEFERRED TAX ASSET**

	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Deferred Tax Liability due to difference between Book & Tax Depreciation (Net)	196,260	381,839
<b>NET DEFERRED TAX LIABILITY/ (ASSETS)</b>	<b>196,260</b>	<b>381,839</b>

<b>NOTE 2.5 SHORT TERM BORROWINGS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
SECURED Working Capital Loan from Banks*	182,832,022	162,330,524
<b>TOTAL</b>	<b>182,832,022</b>	<b>162,330,524</b>

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

1. Working Capital Loan is secured by hypothecation of stock of Raw Material & Finished Goods, Export Documentary Bills, Fixed Assets.
2. The Working Capital loan are further secured by way of hypothecation of 3 residential flat in the name of the directors and 2 shareholders.
3. The Working Capital loan is further secured by personal guarantee of 2 directors and 3 shareholders.
4. Working Capital (Secured ) from Punjab National Bank and Bank of India has been termed as Non Performing Asset by the concerned banks, refer note 2.25 for details.

<b>NOTE 2.6 TRADE PAYABLES</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Micro, Small & Medium Enterprises*	135,705	370,006
Others	204,760,062	366,102,683
<b>TOTAL</b>	<b>204,895,767</b>	<b>366,472,689</b>

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

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

<b>NOTE 2.7 OTHER CURRENT LIABILITIES</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Other Currernt Liabilities	3,753,263	9,809,372
<b>TOTAL</b>	<b>3,753,263</b>	<b>9,809,372</b>

<b>NOTE 2.8 SHORT - TERM PROVISIONS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
<b>PROVISION FOR TAXES</b>		
A Y 2012 - 2013	4,572,000	4,572,000
A Y 2013 - 2014	4,875,000	4,875,000
A Y 2014 - 2015	650,000	650,000
A Y 2015 - 2016	60,847	310,847
Gratuity	353,248	236,664
Leave Encashment	204,843	204,843
<b>TOTAL</b>	<b>10,715,938</b>	<b>10,849,354</b>

<b>NOTE 2.10 NON - CURRENT INVESTMENTS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Punjab National Bank 180 shares of Face Value Rs. 2 (P. Y . 180 shares)	14,040	14,040
<b>TOTAL</b>	<b>14,040</b>	<b>14,040</b>
* Book Value of Quated Investment	14,040	14,040
* Market Value of Quated Investment	15,246	25,992

<b>NOTE 2.11 LONG TERM LOANS AND ADVANCES</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Security Deposit	205,740	205,740
<b>TOTAL</b>	<b>205,740</b>	<b>205,740</b>

<b>NOTE 2.12 INVENTORIES</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
1. Raw Materials	13,040,314	100,284,486
2. Finished Goods	794,045	1,652,230
3 Work In Progress	1,605,064	1,702,354
4. Masters & Moulds	269,112	322,941
5. Stores, Spares & Tools	134,003	359,623
6. Trading Goods	862,830	786,884
<b>TOTAL</b>	<b>16,705,367</b>	<b>105,108,518</b>

## NOTE 2.9 Tangible Assets as on 31st March 2016

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	AS AT 01.04.2015	ADDITION DURING YEAR	DEDUC- TION DURING YEAR	AS AT 31.03.2016	PROVISION UP TO 31.03.2015	DEDUCTION ON SALES OF ASSETS	PROVISION FOR THE YEAR Z	ADJUST- MENT DURING THE YEAR	TOTAL DEPN. 31.03.2016	AS AT 31.03.2016	AS AT 31.3.2015
LAND	440,029	-	-	440,029	-	-	-	-	-	440,029	440,029
PLANT & MACHINERY	13,338,947	600,000	-	13,938,947	9,803,078	-	664,207	-	10,467,285	3,471,662	3,535,869
ELECTRICAL FITTINGS	941,409	-	-	941,409	760,453	-	46,717	-	807,170	134,239	180,956
INTERIOR WORKS	5,860,075	-	-	5,860,075	5,806,598	-	27,252	-	5,833,850	26,225	53,477
UTILITIES	273,030	-	-	273,030	273,030	-	-	-	273,030	-	-
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	3,041,624	-	7,485	-	3,049,109	31,117	38,602
FACTORY EQUIPMENTS	87,871	-	-	87,871	31,278	-	6,575	-	37,853	50,018	56,593
OFFICE EQUIPMENTS	694,657	91,706	-	786,363	694,657	-	1,886	-	696,543	89,820	-
AIR CONDITIONERS	1,313,976	-	-	1,313,976	1,313,976	-	-	-	1,313,976	-	-
COMPUTERS	2,090,083	-	-	2,090,083	2,043,236	-	33,274	-	2,076,510	13,573	46,847
MOTOR BIKE	41,894	-	-	41,894	37,587	-	1,462	-	39,049	2,845	4,307
TOTAL	28,162,197	691,706	-	28,853,903	23,805,517	-	788,859	-	24,594,376	4,259,528	4,356,680
PREVIOUS YEAR	28,162,197	-	-	28,162,197	22,139,849	-	1,172,013	493,655	23,805,517	4,356,680	6,022,348

<b>NOTE 2.13 TRADE RECEIVABLES</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Unsecured, Considered Good		
- Outstanding for a period exceeding six months	391,709,689	353,976,694
- Others	69,014,915	200,964,746
Less: Allowance for Bad & Doubtful Debts	-	-
	460,724,604	554,941,441
Doubtful	-	-
<b>TOTAL</b>	<b>460,724,604</b>	<b>554,941,441</b>

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

<b>NOTE 2.14 CASH AND CASH EQUIVALENTS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Balance with Banks		
With Schedule Bank		
In Current A/c	3,652,506	6,651,601
In Fixed Deposit	-	39,468
Cash on Hand	290,217	119,013
<b>TOTAL</b>	<b>3,942,722</b>	<b>6,810,081</b>

\* Fixed Deposit with Banks include deposit of Rs. 39,468/- (P Y Rs. 31,157/-) with maturity of more than 12 Months.

<b>NOTE 2.15 SHORT TERM LOANS AND ADVANCES</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Others		
Advance Tax & T.D.S	609,679	11,275,153
VAT Receivable	1,756,213	1,462,084
Margin Money	-	61,007
Other Advances	11,382,522	11,293,026
<b>TOTAL</b>	<b>13,748,413</b>	<b>24,091,268</b>

<b>NOTE 2.16 REVENUE FROM OPERATIONS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Sale of Products	234,737,827	563,369,246
Gain on Foreign Exchange	5,074,390	3,273,785
	239,812,217	566,643,032
<b>TOTAL</b>	<b>239,812,217</b>	<b>566,643,032</b>

<b>NOTE 2.17 OTHER INCOME</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Interest		
Interest on F.D with Bank (including TDS Rs. Nil ,P Y Rs Nil/-)	-	3,361
Interest on Security Deposit (including TDS Rs. 932 ,P Y Rs 923/-)	-	10,472
Other Income	-	7,332
<b>TOTAL</b>	-	21,165

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

<b>NOTE 2.18 COST OF MATERIAL CONSUMED</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Opening Stock	100,284,486	94,173,842
Add : Purchase During the Year	113,302,935	283,784,983
Less : Closing Stock	13,040,314	100,284,486
Consumption Of Raw Material During The Year	200,547,106	277,674,339
<b>TOTAL</b>	200,547,106	277,674,339

<b>NOTE 2.19 PURCHASES OF STOCK-IN-TRADE</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Opening Stock	786,884	117,351
Add : Purchases	13,416,410	253,724,490
Less: Closing Stock	862,830	786,884
	13,340,464	253,054,957
<b>TOTAL</b>	13,340,464	253,054,957

<b>NOTE 2.20 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Opening Stock		
Finished Goods	1,652,230	1,075,533
Work in Progress	1,702,354	322,189
	3,354,584	1,397,722
<u>Closing Stock</u>		
Finished Stock	794,045	1,652,230
Work in Progress	1,605,064	1,702,354
	2,399,109	3,354,584
(Increase)/Decrease in Stock of Finished & Semi Finished Stock	955,475	(1,956,862)
<b>TOTAL</b>	955,475	(1,956,862)

<b>NOTE 2.21 EMPLOYEE BENEFIT EXPENSES</b>	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Salaries, Wages & Allowances	7,453,671	5,929,366
Bonus Allowance	289,894	1,181
Contribution to Provident and Other Fund	42,053	156,289
Staff Welfare Expenses	346,415	226,871
Remuneration to Directors	1,400,000	1,400,000
<b>TOTAL</b>	<b>9,532,033</b>	<b>7,713,707</b>

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

**Defined Contribution Plan**

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

	<b>2015-2016</b>	<b>2014-2015</b>
Employer's Contribution to Provident Fund	<b>32,621</b>	<b>1,27,792</b>

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 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. The company has provided for gratuity (Rs. 1,16,584) in the books however no payment has been made against the same till the date of signing of the Balance sheet, hence the particulars as provided by the trust are not available."

<b>NOTE 2.22 FINANCE COST</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Interest on Working Capital	12,609,970	10,247,694
Bank Charges	608,029	1,757,808
<b>TOTAL</b>	<b>13,217,999</b>	<b>12,005,502</b>

<b>NOTE 2.23 DEPRECIATION</b>	As At 31st March 2016 Rs.	As At 31st March 2015 Rs.
Depreciation	788,859	1,665,668
<b>TOTAL</b>	<b>788,859</b>	<b>1,665,668</b>

<b>NOTE 2.24 OTHER EXPENSES</b>	<b>As at 31.03.2016 Rs.</b>	<b>As at 31.03.2015 Rs.</b>
<u>Manufacturing Expenses</u>		
Electricity Charges	2,028,806	1,229,824
Export Freight & Clearing	(827,308)	151,172
Factory Expenses	770,321	224,496
Job Work & Labour Charges	14,825,511	6,853,262
Master & Mould Consumed	67,278	80,735
Packing Material	5,382	9,767
Stores, Spares & Consumable Consumed	2,546,054	1,063,271
Designing & Assortment Charges	3,090,000	-
Water Charges	192,683	162,192
<b>Total (A)</b>	<b>22,698,726</b>	<b>9,774,719</b>
<u>Selling and Distribution Expenses</u>		
Advertisement & Publicity	64,470	65,915
Sales Promotion Expenses	2,348,166	1,595,217
Discount Allowed	-	6
<b>Total (B)</b>	<b>2,412,636</b>	<b>1,661,138</b>
<u>Administrative &amp; Other Expenses</u>		
Repairs & Maintenance (Plant & Machinery)	13,620	79,475
Repairs & Maintenance ( Others)	650,437	129,863
Annual General Meeting Expenses	11,031	13,582
Auditors Remuneration	100,000	100,000
Commission Expenses Paid	387,327	-
Computer Expenses	199,769	59,380
Conveyance Expenses	49,088	64,547
Custodian Charges	213,044	59,657
Insurance Premium	91,956	1,197,599
Legal & Professional Charges	779,164	566,400
Listing Fees	227,453	125,012
Loss on Forward Contract	-	14,512
Membership & Subscription	45,372	-
Office General Expenses	381,864	29,452
Fuel Exp.	139,250	-
Postage & Telephone Expenses	428,511	277,605
Printing & Stationery	87,444	65,258
Registrar & Filing Fees	125,185	-
Rent, Rates & Taxes	1,268,348	1,214,039
Security Charges	596,720	530,708
Sundry Bal. W/off	17,312,596	-
Transport ,Handling & Clearing	31,000	-
Travelling Expenses	1,839,443	236,561
<b>Total (c)</b>	<b>24,978,622</b>	<b>4,763,650</b>
<b>TOTAL (A+B+C)</b>	<b>50,089,985</b>	<b>16,199,507</b>
* Sales Promotion Expenses include Foreign Travelling Expenses & Sales Commission		



	2015-2016	2014-2015
<u>Increase/ (Decrease) in value of Master &amp; Mould</u>		
Opening Stock	322,941	390,236
Add: Purchase	13,449	13,440
Less : Closing Stock	269,112	322,941
Consumption	67,278	80,735
<u>Increase/ (Decrease) in value of Stores, Spares &amp; Consumables</u>		
Opening Stock	359,623	317,422
Purchases	2,320,434	1,105,472
Less: Closing Stock	134,003	359,623
Consumption	2,546,054	1,063,271
<u>Payment to Auditors as</u>		
Auditor		
Statutory Audit Fees	75,000	75,000
Tax Audit Fees	25,000	25,000
<u>Value of Import On CIF Basis</u>		
Raw Materials	126,207,261	141,438,461
Finished Goods	525,533	231,875
Stores & Spares	2,320,434	1,240,232
	129,053,227	142,910,567
<b><u>Working of Earning per Share</u></b>		
<b><u>Before Extra Ordinary Items</u></b>		
Profit After Tax	(48,476,825)	61,814
Basic No. of Equity Shares of Face Value RS.10/- each	8,172,000	8,172,000
EPS Basic Rs.	(5.93)	0.01
Diluted No. of Equity Shares of Face Value RS.10/- each	8,172,000	7,904,333
EPS Diluted Rs.	(5.93)	0.01
<b><u>After Extra Ordinary Items</u></b>		
Profit After Tax	(48,476,825)	61,814
Basic No. of Equity Shares of Face Value RS.10/- each	8,172,000	8,172,000
EPS Basic Rs.	(5.93)	0.01
Diluted No. of Equity Shares of Face Value RS.10/- each	8,172,000	7,904,333
EPS Diluted Rs.	(5.93)	0.01
<b>EARNING IN FOREIGN EXCHANGE</b>		
Export of Goods Calculated on FOB Basis	183,749,474	155,939,435

**NOTE 2.25**

The company has availed working capital loans from Punjab National Bank and Bank of India. During the year the accounts has been classified as non-performing assets by the respective banks.

**NOTE 2.26 RELATED PARTY DISCLOSURES :**

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

**NAME OF RELATED PARTIES**
**Key Management Personnel**

Gaurav Doshi

Ronak Doshi

**Relative**

**Mahindra B. Doshi**

**RELATED PARTY TRANSACTIONS**

Nature of Transaction	2015-16 (2014-15)
	Key Management Personnel / Relative
<b>Transactions during the year</b>	
Salary	436,500
(Previous Year)	(4,85,000)
Remuneration	1,400,000
(Previous Year)	(14,00,000)

**As per our Report of even date attached**

**For Ashok Bairagra & Associates**

Chartered Accountants

Firm Reg. No. 118677W

**Ashish Jalan**

Partner

Membership No. : F-125707

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

**Gaurav Doshi**

Chairman &  
Managing Director

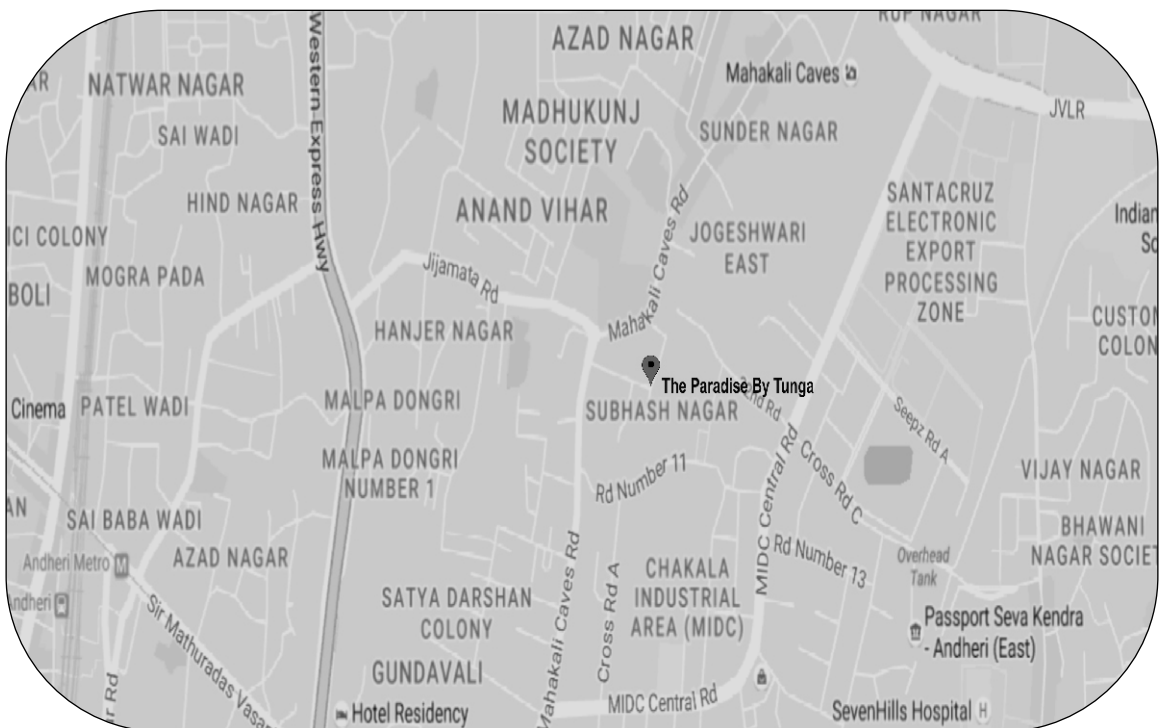
**Ronak Doshi**

Vice Chairman &  
Whole Time Director

Place: Mumbai

Dated: 30<sup>th</sup> May, 2016

## Route Map of the venue of the AGM:





NEOGEM INDIALIMITED  
CIN: L36911MH1991PLC063357

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

ATTENDANCE SLIP

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

Master Folio No.: .....

No. of Shares held: .....

DP ID:.....

Client ID: .....

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

Address:

.....  
.....  
.....  
.....

I hereby record my presence at the **TWENTY-FIFTH ANNUAL GENERAL MEETING** of the Company held on Friday, the 30<sup>th</sup> September 2016 at 10.30 a.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093.

\_\_\_\_\_

(Proxy's Name in Block letters)

(Member's /Proxy's Signature#)

# Strike out whichever is not applicable

E-VOTING PARTICULARS

ELECTRONIC VOTING SEQUENCE NUMBER (EVSN)	USER ID	PASSWORD
160902069	Existing User Id	Existing Password



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CIN: L36911MH1991PLC063357

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

## Form No. MGT-11

## Proxy Form

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

25<sup>th</sup> Annual General Meeting-September 30, 2016

Name of the Member(s):

Registered Address:

Email:

Folio no. / Client ID:

DP ID:

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

1.Name:.....EmailId:.....Address:.....

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

2.Name:.....EmailId:.....Address:.....

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

3.Name:.....EmailId:.....Address:.....

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

As my /our proxy to attend and vote (on a poll) forme/ usandonmy/ our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on the 30<sup>th</sup> day of September 2016 at 10.30 a.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai-400093 and at any adjournment there of in respect of such resolutions as are indicated below:

Res. No.	Resolution
Ordinary Business	
1.	Adoption of Audited Financial Statement along with Report of Directors' and the Auditor for the financial year ended March 31, 2016.
2.	Appoint a Director in place of Mr. RonakDoshi (DIN 00102959), who retires by rotation and being eligible, offer himself for re-appointment.
3.	Appoint M/s. Ashok Bairagra & Associates, as Statutory Auditors of the Company to hold office upto conclusion of Annual General Meeting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp  
Re. 1/-

**Note:**

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

## **Important Communication to Members**

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

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

if undelivered please return to :

### **Neogem India Limited**

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

Contact Person :

Mr. Xavier Rodrigues

Tel. : 91-22-3088 2640.