



NEOGEM INDIA LIMITED

Always Innovative

ANNUAL REPORT 2008 - 2009

BOARD OF DIRECTORS

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

Shri. Mahindra Doshi	-	<i>Executive President</i>
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AUDITORS

M/s. S. H. Bathiya & Associates
Chartered Accountants
Mumbai

BANKERS

Punjab National Bank
Oriental Bank of Commerce

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

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

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NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of **NEOGEM INDIA LIMITED** will be held on Wednesday, 30th September, 2009 at 1:00 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (East), Mumbai - 400 093 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date and the Schedules together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Vikas Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to fix their remuneration and pass the following resolution with or without modification:

"RESOLVED THAT M/s Ashok Bairagra & Associates, Chartered Accountants, Mumbai, be and are hereby appointed Auditors of the Company in place of M/s S. H. Bathiya & Associates, Chartered Accountants, Mumbai, the retiring auditors being eligible, not opted for reappointment, to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at the remuneration as may be decided by the Board at a later date."

SPECIAL BUSINESS:

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

"RESOLVED THAT subject to the approval of the members of the Company and in accordance with the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule XIII and Memorandum and Articles of Association of the Company, the consent of the members be and is hereby accorded to the re-appointment of Mr. Gaurav Doshi as the Managing Director of the Company for a further period of 5 years, subject not to retire by rotation, with effect from 1st April, 2010 on a remuneration not exceeding the limits specified in Section I of Part II of Schedule XIII or Section II of Part II of Schedule XIII, whichever is higher and on such terms and conditions including remuneration as set out in the Agreement entered into between the Company and Mr. Gaurav Doshi, as submitted to this meeting and initiated by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in schedule XIII to the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time or any amendments thereto as may be agreed to between the Board of Directors and Mr. Gaurav Doshi.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary, proper or expedient to give effect to such resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, read with Schedule XIII & all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the limits prescribed in Schedule XIII to the said Act, and subject to the terms and conditions of the re-appointment in the Board meeting held on 28th August 2009, the Company hereby approves the re-appointment of and remuneration payable to Mr. Ronak Doshi as a Whole-time Director for a period of five years w.e.f. 1st April 2010 on the terms and conditions so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments or modifications that may hereafter be made thereto by the Central Government) as may be agreed to between the Board of Directors and Mr. Ronak Doshi.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the Company has no profits or its profits are inadequate, remuneration by way of salary and perquisites shall not exceed the aggregate of the remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary, proper or expedient to give effect to such resolution."

By Order of the Board of Directors

Date : 28th August, 2009

Place: Mumbai

Registered Office:

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

Gaurav Doshi

Chairman & Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio No. in the attendance slip while attending the meeting for easy identification of attendance at the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 23rd September 2009 to Wednesday, 30th September 2009 (both days inclusive).
5. Members are requested to:-
 - i. Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2009, so as to enable the Company to keep the information ready.
 - ii. Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
 - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company / R&TA.
 - iv. Quote Registered Folio No. or DP ID/ Client ID No. in all their correspondence.
 - v. Approach the R&TA of the Company for consolidation of folios.
 - vi. Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
 - vii. Send all share transfer lodgments (physical mode)/ correspondence to the R&TA of the Company, M/s System Support Services, 209, Shivai Industrial Estate, Next to Parke-Davis, Sakinaka, 89, Andheri-Kurla Road, Andheri (East), Mumbai- 400 072 upto the date of book closure.
6. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
7. The Company has listed its shares on the BSE. All listing fees till date have been paid.
8. Non-Resident Indian Members are requested to inform the Company/R&TA the following immediately:
 - i) Change in the residential status on return to India for permanent settlement.
 - ii) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
9. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
10. A Special Notice in terms of section 190 of the Companies Act, 1956 has been received u/s 225(1) from member proposing the appointment of M/s Ashok Bairagra & Associates, Chartered Accountants, as auditors of the Company in place of retiring auditors of the Company, who have not opted for reappointment due to pre occupation. No representation



from the retiring auditors has been received for making notification to the members of the Company relating to Special Notice u/s 190 by the Company. Any representation, if any, received subsequently from the retiring auditors, would be read at the ensuing Annual General Meeting.

11. Mr. Vikas Patel, Non Executive Independent Director retires by rotation, being eligible, offers himself for re-appointment.

EXPLANATORY STATEMENT

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

Item No. 4

The present terms of office of Mr. Gaurav Doshi as the Managing Director of the Company shall expire on 31st March 2010. The Board of Directors in their meeting held on 28th August 2009 have re-appointed Mr. Gaurav Doshi as the Managing Director of the Company for a period of 5 years with effect from 1st April 2010 subject to the approval of the shareholders.

The re-appointment shall be pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company.

The agreement to be entered into by the Company with Mr. Gaurav Doshi, inter-alia contains the following terms and conditions:

1. Salary : Rs.55,000/- per month with such increment as may be determined by the Board of Directors from time to time
2. Perquisites : In addition to salary, he is entitled to House Rent Allowance, Medical Reimbursement, Leave Travel Concession for self and family, use of Company's car for official purpose, Provident Fund & Gratuity in accordance with the Company's rules and provision of telephone at residence

The aggregate of the salary and perquisites payable to Mr. Gaurav Doshi shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956.

Mr. Gaurav Doshi, 32 years is a BCOM Graduate from the University of Mumbai. He has nearly 13 years of experience in Finance, Administration and Manufacturing of Studded Jewellery and is heading the Finance Department of our Company.

The draft Agreement to be entered into between the Company and Mr. Gaurav Doshi is available for inspection at the Registered office of the Company on any working day excluding Saturday upto the date of ensuing Annual General Meeting between 11:00 a.m. to 3:00 p.m.

The Board recommends the Resolution set out in Item no. 4.

None of the Directors except Mr. Gaurav Doshi and Mr. Ronak Doshi are concerned or interested in this resolution.

Item No. 5

Mr. Ronak Doshi will be completing his term of five years as Whole-time Director on 31st March 2010. The Board of Directors in their meeting held on 28th August 2009, have reappointed Mr. Ronak Doshi as the Whole-time Director of the Company for a period of five years with effect from 1st April 2010 subject to the approval of the shareholders.

The re-appointment shall be pursuant to the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company.

The terms and conditions for reappointment of Mr. Ronak Doshi are as follows:

1. Salary : Rs.55,000/- per month with such increment as may be determined by the Board of Directors from time to time
2. Perquisites : In addition to salary, he is entitled to House Rent Allowance, Medical Reimbursement, Leave Travel Concession for self and family, use of Company's car for official purpose, Provident Fund & Gratuity in accordance with the Company's rules and provision of telephone at residence

The aggregate of the salary and perquisites payable to Mr. Ronak Doshi shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956.

Mr. Ronak Doshi, 34 years is a BCOM Graduate from the University of Mumbai. He has nearly 15 years of experience in manufacturing of Studded Jewellery and is heading the Marketing Department of our Company.

The Board recommends the Resolution set out in Item no. 5.

None of the Directors except Mr. Gaurav Doshi and Mr. Ronak Doshi are concerned or interested in this resolution.

By Order of the Board of Directors

Date : 28th August, 2009

Place: Mumbai

Registered Office:

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

Gaurav Doshi

Chairman & Managing Director

ANNEXURE TO ITEMS 2, 4 AND 5 OF THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (in pursuance of revised Clause 49 of the Listing Agreement)

Name of the Director	Gaurav Doshi	Ronak Doshi	Vikas Patel
Date of Birth	30/12/1976	12/11/1974	03/11/1974
Date of Appointment on the Board	22/10/1999	28/03/1997	22/03/2002
Qualifications	BCOM from University of Mumbai	BCOM from University of Mumbai	BCOM from University of Mumbai
Shareholding in the Company	7,14,800 Equity Shares	7,14,800 Equity Shares	NIL
List of Directorships held in other Companies	1) Amar Remedies Ltd. 2) Kanya Impex Pvt. Ltd.	Empress Jewelry Pvt. Ltd.	NIL
Committee membership	1) Neogem India Limited: Member of Audit Committee 2) Amar Remedies Ltd.: Chairman of Audit Committee & Member of Investor Grievance Committee	NIL	Neogem India Limited: Chairman of Share Transfer, Remuneration, Investor Grievance & Audit Committee

DIRECTORS' REPORT

To,

The Members

Neogem India Limited

The Directors present the Eighteenth Annual Report of the Company and the Audited Statements of Accounts for the year ended **31st March, 2009**.

1. FINANCIAL HIGHLIGHTS:

The main Financial Highlights of the Company are given below :

(Rs.in Lacs)

PARTICULARS	For the year ended 31 st March, 2009	For the year ended 31 st March, 2008
Sales Income	1550.47	5391.72
Other Income	36.57	103.19
Profit before Depreciation	257.74	117.68
Less: Depreciation	18.80	21.50
Profit for the Year	(276.54)	96.18
Less: Provision for Taxation	(15.32)	29.91
Profit after Tax	(291.86)	66.27
Prior Period Adjustments	0.92	(1.87)
Add: Balance brought forward from P.Y.	356.61	292.21
Balance carried to Balance Sheet	65.67	356.61

2. REVIEW OF OPERATIONS:

During the year under review, the results of the Company were not satisfactory. The sales and other receipts for the year are Rs.1587.04 Lacs as compared to Rs.5494.91 Lacs for previous year. The reduction in the sales was mainly due to the cautious credit policy adopted. The Global meltdown has adversely affected the Company's business. The Company has suffered a loss of Rs.291.86 Lacs as against the profits after tax of Rs.66.27 Lacs for the previous year.

3. DIVIDEND:

In view of losses, your Directors do not recommend any dividend for the financial year ended 2008-09.

4. ISSUE OF PREFERENTIAL WARRANTS:

The shareholders of the Company in the Annual General Meeting held on 30th September 2008 have passed a special resolution for issue of 15,65,000 (Fifteen Lacs Sixty Five Thousand) fully convertible equity share warrants on preferential basis to the promoters and individual investor and accordingly allotted the same.

5. DIRECTORS:

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

Mr. Gaurav Doshi, the Managing Director and Mr. Ronak Doshi, Whole Time Director had been reappointed w.e.f. from 1st April 2005 for a period of five years. Their present terms of office are expiring on 31st March 2010. Hence the Board of Directors in their meeting held on 28th August 2009 have decided to reappoint them for a further period of five years w.e.f. 1st April 2010 subject to approval of the shareholders in the forthcoming Annual General Meeting scheduled on 30th September 2009.

Brief resume of the Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of the companies in which they hold directorships and the membership/ chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are set out in the Annexure to the Notice forming part of the Annual Report.

6. AUDITORS' REPORT:

The Auditors have made certain comments in their Auditor's Report concerning the Accounts of the Company. The

Management puts forth its explanations as below:

- 1) With reference to the Auditors' remark that the Company has not made provision against doubtful debts amounting to Rs.51,30,836 and as a result the loss is understated and debtors are overstated to that extent, the Management states that the debt is in dispute and the Company is approaching consumer court to recover the same amount. The Management is of the opinion that the debt is recoverable and hence no provision is made for the same.
- 2) With reference to the Auditors' remark that leave encashment is provided on actual basis and not on actuarial basis, the Management states that the Company is approaching Life Insurance Corporation of India for an appropriate policy to provide leave encashment benefits to employees.

Other remarks and notes forming part of accounts are self-explanatory and hence your directors have not dealt with the same.

7. AUDITORS:

M/s S.H.Bathiya & Associates, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and have not opted themselves for reappointment. A special notice in terms of provisions of section 190 of the Companies Act, 1956 read with section 225 of the said act has also been received from the Shareholders of the Company for the appointment of new Auditors, M/s Ashok Bairagra & Associates, Mumbai.

The Company has received letter from M/s Ashok Bairagra & Associates, to the effect that their appointment if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

8. BUY-BACK OF SHARES:

During the financial year under review, the Company has not offered to buy-back any of its outstanding shares.

9. CORPORATE GOVERNANCE:

The Company has been proactive in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreements of the Stock Exchanges are complied with.

A separate Report on Corporate Governance is enclosed as a part of the Annual Report as **Annexure I** alongwith the Statutory Auditor's Certificate on the compliance with Corporate Governance.

10. MANAGEMENT DISCUSSION AND ANALYSIS:

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

11. DEPOSITORIES:

The Company is registered with National Securities Depository Limited. The shareholders can take advantage of holding their script in dematerialized mode.

12. PERSONNEL:

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

13. FIXED DEPOSITS:

The Company has not accepted fixed deposits from public during the year under review.

14. INSURANCE:

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



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

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

A. Conservation of Energy:

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

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

B. Technology Absorption, Adaptation and Innovation:

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

C. Foreign Exchange Earnings and Outgo:

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

(Rs. in Lacs)		
Particulars	2008-09	2007-08
Foreign exchange earned on F.O.B. basis	1178.53	6962.81
Foreign exchange used	547.46	5097.18

16. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of Section 217(2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm that:

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

17. ACKNOWLEDGEMENTS:

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

By Order of the Board of Directors

Date : 28th August, 2009

Place: Mumbai

Registered Office:

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

Gaurav Doshi
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

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

A) MANDATORY REQUIREMENTS:

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Sound Corporate Governance practices and ethical business conduct remain at the core of Neogem's value system. The Company believes that sound corporate practices based on transparency, accountability, timely disclosures, empowerment and high level of integrity is essential for the long term enhancement of the shareholders'/stakeholders' value and interest. The Company believes that its actions must result in enhancing corporate performance by maximizing shareholders'/stakeholders' value and also result in motivated work force. We, as a Company, have always focused on good Corporate Governance practices, which is a key driver of sustainable corporate growth and long-term value creation for our shareholders. The Company recognizes that the shareholders are ultimately the people who are catalysts to the economic activities and also the ultimate beneficiaries thereof.

2) BOARD OF DIRECTORS

Composition of the Board:

The strength of the Board of Directors is Four out of which Two are Independent Directors. The Board comprises of Executive Chairman, One Executive Whole-time Director and Two Non-Executive Directors.

Number of meetings held:

During the financial year ending 31/3/2009, nine meetings of the Board of Directors were held on 15/04/08, 30/06/08, 31/07/08, 29/08/08, 14/10/08, 31/10/2008, 05/11/08, 30/01/09 and 31/03/09.

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

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

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

Name of the Director	Category	F.Y. 2008-09 Attendance at		As on the date of this report		
		BM	Last AGM	No. of other Directorships#	Other Committee Positions # Member	Chairman
Mr. Gaurav Doshi	Executive Chairman and Managing Director	9	Yes	1	1	1
Mr. Ronak Doshi	Executive Vice-Chairman and Whole-time Director	9	Yes	NIL	NIL	NIL
Ms. Chrisilda Kane – Resigned w.e.f. 01-02-2009	Executive Director	8	Yes	NIL	NIL	NIL
Mr. Jayant Nagarkar	Independent and Non-Executive Director	9	No	NIL	NIL	NIL
Mr. Vikas Patel	Independent and Non-Executive Director	9	No	NIL	NIL	NIL

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

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

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

Re-appointment of Directors:

Mr. Vikas Patel, who retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Gaurav Doshi, Managing Director and Mr. Ronak Doshi, Whole time Director had been reappointed w.e.f. 1st April 2005 for a period of five years. Their present terms of office are expiring on 31st March 2010. Hence the Board of Directors in their meeting held on 28th August 2009 have decided to reappoint them for a further period of five years w.e.f. 1st April 2010 subject to approval of the shareholders in the forthcoming Annual General Meeting scheduled on 30th September 2009.

Details of the Directors seeking appointment/ reappointment at the forthcoming Annual General Meeting:

Name	Age	Educational Qualification	Experience
Mr. Gaurav Doshi	32 years	BCOM from University of Mumbai	He has nearly 13 years of experience in Finance, Administration and Manufacturing of Studded Jewellery & heads the Finance Department of the Company.
Mr. Ronak Doshi	34 years	BCOM from University of Mumbai	He has nearly 15 years of experience in Manufacturing of Studded Jewellery & heads the Marketing Department of the Company.
Mr. Vikas Patel	34 years	BCOM from University of Mumbai	Vast experience in the Marketing of Diamond Studded Jewellery.

Responsibilities:

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

Role of Independent Directors:

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

3) AUDIT COMMITTEE

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

The Audit Committee comprises of Three Directors, out of which Two are Non-Executive Independent Directors. Mr. Vikas Patel, Non-Executive Independent Director acts as the Chairman of the Committee, whereas Mr. Jayant Nagarkar, Non-Executive Independent Director and Mr. Gaurav Doshi, are the Members of the Committee. Mr. Gopal Dhruv, Accounts Manager acts as the secretary of the committee. The members of the Audit Committee possess the necessary financial/ accounting expertise. The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

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

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

Audit Committee shall have the following powers:

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

Role of the Audit Committee shall include the following:

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

Information for Review:

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

Composition, Number of Meetings and Attendance:

During the financial year 2008-09 under review, Six Audit Committee Meetings were held on 15/04/2008, 30/06/2008, 31/07/2008, 31/10/2008, 05/11/2008 and 30/01/2009.

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

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

4) SHAREHOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

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

Composition, Number of Meetings and Attendance:

During the financial year 2008-09 under review, Four Shareholders'/ Investors' Grievances Committee Meetings were held on 15/04/2008, 31/07/2008, 31/10/2008, and 30/01/2009. The composition of the Shareholders'/ Investors' Grievances Committee and attendance at its meetings is given hereunder:

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

The complaints received during the year 2008-09 were resolved to the satisfaction of the shareholders and no complaints were pending as on 31/03/2009.

5) SHARE TRANSFER COMMITTEE

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

Composition, Number of Meetings and Attendance:

During the financial year 2008-09 under review, Four Share Transfer Committee Meetings were held on 15/04/2008, 31/07/2008, 31/10/2008 and 30/01/2009. The composition of the Share Transfer Committee and attendance at its meetings is given hereunder:

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

6) REMUNERATION COMMITTEE

Composition, Number of Meetings and Attendance:

During the financial year 2008-09 under review, one Remuneration Committee Meeting was held on 5th November 2008.

The composition of the Remuneration Committee and attendance at its meeting is given hereunder:

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

Details of remuneration paid to the Directors during 2008-09 is given below:

Name of the Directors	Directors' Position	Relationship with other Directors	Salary & allowances (Rs.)	Contribution to P.F. (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)
Mr. Gaurav Doshi	Executive Chairman & Managing Director	Related to Mr. Ronak Doshi	8,65,000	30,000	NIL	NIL
Mr. Ronak Doshi	Vice-Chairman & Whole-time Director	Related to Mr. Gaurav Doshi	10,65,000	36,000	5,703	NIL
Ms. Chrisilda Kane (Resigned w.e.f. 01-02-2009)	Executive & Whole-time Director	—	6,24,000	NIL	NIL	NIL
Mr. Jayant Nagarkar	Independent and Non-Executive Director	—	NIL	NIL	NIL	NIL
Mr. Vikas Patel	Independent and Non-Executive Director	—	NIL	NIL	NIL	NIL

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

7) GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue	No. of Special Resolutions approved at the AGM
2005-2006	29 th September 2006	3:30 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	3
2006-2007	28 th September 2007	1:30 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	1
2007-2008	30 th September 2008	1:30 p.m.	Hotel Tunga Paradise M.I.D.C., Andheri (E), Mumbai - 400 093	2

Special Resolutions passed during the last 3 annual general meetings:

Annual General Meeting held on 29th September 2006:

- 1) To approve increase in remuneration payable to Ms. Chrisilda Kane, Whole-time Director of the Company for a period of two years w.e.f. 01-04-2006 under sections 198, 269, 309, 310, 311 & Schedule XIII and all other applicable provisions of the Companies Act, 1956, if any.
- 2) To approve the increase in Directors' sitting fees pursuant to section 310(2) of the Companies Act, 1956 and other applicable provisions if any, from Rs.250/- to Rs.5000/- w.e.f. 01-04-2006.
- 3) To approve the alteration of Article 91 of Articles of Association of the Companies pursuant to section 31 of the Companies Act, 1956, by inserting words 'Rs.5000 (Rupees Five Thousand)' in place of words 'Rs.250 (Rupees Two Hundred and Fifty)'.

Annual General Meeting held on 28th September 2007:

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

Annual General Meeting held on 30th September 2008:

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

During the year ended 31st March 2009, no resolution was passed by the Company's members through postal ballot. At the ensuing Annual General Meeting also, there is no resolution proposed to be passed through postal ballot.

During the financial year 2008-09, the Company was not required to hold any Extra-Ordinary General Meeting.

8) DISCLOSURES

Disclosure regarding materially significant related party transactions:

No transaction of material nature has been entered into by the Company with its promoters, Directors or the Management or relatives, etc. that may have potential conflict with the interest of the Company at large. A suitable disclosure as required by Accounting Standard (AS-18)-Related Party Transactions, has been made in the Notes forming part of the Accounts.

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

9) CODE OF CONDUCT

Declaration by the Managing Director and Chief Executive Officer under clause 49(I)(D) of the Listing Agreement regarding the adherence to the code of conduct is forming part of the Report on Corporate Governance.

The CEO/ CFO Certificate as stipulated under clause 49(V) of the Listing Agreement was placed before the Board of Directors.

In preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures.

Management Discussion and Analysis Report forms a part of the Directors' Report.

10) MEANS OF COMMUNICATION

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

11) GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting:

Day : Wednesday

Date : 30th September 2009

Time : 1:00 p.m.

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

Financial Year: 1st April, 2008 to 31st March, 2009

Date of Book Closure: from Wednesday, 23rd September, 2009 to Wednesday, 30th September, 2009 (both days inclusive)

Listing of Securities and Stock Code:

Bombay Stock Exchange Limited Code No: 526195

The Company has paid listing fees for the financial year 2008-09 to the above exchange.

Demat ISIN Number for NSDL:

ISIN number issued to equity shares by NSDL is INE552E01014.

The Company has not issued any GDRs or ADRs.

Dividend Payment Date: Not applicable

Share Transfer System:

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

Dematerialization of Shares:

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



Registrar & Share Transfer Agents:

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

M/s System Support Services

209, Shivai Industrial Estate, Next to Parke-Davis,
Sakinaka, 89, Andheri-Kurla Road,
Andheri (East), Mumbai-400 072.
Tel No.: 2850 0835
Fax No.: 2850 1438
Email id: sysss72@yahoo.com

Address for correspondence:

Neogem India Limited

G-32, Gem & Jewellery Complex III,
Seepz, Andheri (East), Mumbai-400 096.
Tel. No.: 3088 2640/ 41
Fax No.: 2829 1123
Email id: neogem@vsnl.net

Investors can register their complaints/ grievances on the Company's designated Email id: investors@neogemindia.com

Stock Market Data:

Month/Year	Bombay Stock Exchange Limited (BSE)	
	High (Rs.)	Low (Rs.)
April 2008	8.10	5.52
May 2008	3.10	6.40
June 2008	8.90	7.00
July 2008	7.23	6.87
August 2008	7.53	6.56
September 2008	6.82	6.18
October 2008	6.47	6.47
November 2008	6.45	6.15
December 2008	—	—
January 2009	7.10	6.77
February 2009	8.50	7.45
March 2009	—	—



Distribution of Shareholding as on 31st March, 2009:

Shareholding	No. of shares	% of shares to Total	No. of shareholders	% of Shareholders to Total
1 - 500	570850	9.04	2620	78.46
501 - 1000	361720	5.73	396	11.86
1001 - 5000	576590	9.13	231	6.91
5001 - 10000	387400	6.13	52	1.55
10001 - 100000	769500	12.19	28	0.83
100001 & Above	3648940	57.78	12	0.39
Shares in Transit	0	0	0	0
TOTAL	63,15,000	100.00	3,339	100.00

Physical/ Electronic Shareholding Pattern as on 31st March, 2009:

Category	No. of Shares	% of Shares to Total	No. of Shareholders	% of Shareholders to Total
C. D. S. L.	0	0	0	0
N. S. D. L.	49,76,140	78.80	869	26.02
Physical	13,38,860	21.20	2470	73.98
In Transit (Demat)	0	0	0	0
TOTAL	63,15,000	100.00	3,339	100.00

Shareholding Pattern as on 31st March, 2009:

Category	No. of shares	% of shares to Total	No. of Shareholders	% of Shareholders to Total
Promoter Group:				
Indian	2743450	43.44	6	0.18
Public Shareholding:				
Mutual Funds	24300	0.39	1	0.03
Non Institutions:				
Bodies Corporate	498720	7.90	83	2.49
Share Capital <=1,00,000	1683530	26.66	3129	93.88
Share Capital > 1,00,000	1287000	20.38	19	0.57
NRI Individuals (Non Rep)	23100	0.37	6	0.18
NRI (Repatriation)	54900	0.87	89	2.67
TOTAL	63,15,000	100.00	3,339	100.00

B) NON-MANDATORY REQUIREMENTS:

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



DECLARATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT

In accordance with Clause 49 I(D) of the Listing Agreement with the Stock Exchange, I, Gaurav Doshi, Chairman and Managing Director of Neogem India Limited hereby confirm that the Board Members and the Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended 31st March, 2009.

For **Neogem India Limited**

Gaurav Doshi

Chairman & Managing Director

Place: Mumbai

Date : 30th June, 2009

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

To the members of Neogem India Limited,

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

For **S. H. BATHIYA & ASSOCIATES**
Chartered Accountants

Place : Mumbai

Date : 30th June, 2009

VINOD SHAH
Partner
M.No.32348

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Industry Structure & Developments and Outlook

India is the world's largest manufacturing centre for Gems and Jewellery and the Industry contributes over 12% to the total export earnings of the country and employs highly skilled 1.5 million workers. This industry was hit hard by the dull demand due to global economic slowdown in F.Y. 2008-09.

The two major segments of the sector in India are Gold Jewellery and Diamonds. Gold Jewellery forms around 80% of the Indian Jewellery market, with the balance comprising fabricated studded jewellery that includes diamond as well as gemstone studded jewellery.

The year 2008-09, again like 2007-08 was marked with volatility in prices of gold and platinum. Gold and silver prices continued to rise in the past year; this has led to increase in cost. Our main market lies in the United States and therefore their economic slowdown and weakening purchasing power of their consumers has affected us to a great extent.

In spite of the negative global developments, the domestic market has shown hopes with its rising demand. It is believed that the domestic demand will give the much needed impetus to the jewellery industry to regain its lost charm.

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

2) Opportunities & Threats, Risks & Concerns

SWOT Analysis of the Indian Gems & Jewellery Industry:

Strengths:

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

Weaknesses:

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

Opportunities:

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

Threats:

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

3) Performance

The Company's products are recognized in the International market and the Company has been a landmark in producing a high quality premium range of jewellery for the International Market. This has enabled the Company to export its products in a competitive global market like Australia, U.S.A., etc. which contributes a major part of the total exports turnover.



4) 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.

5) Operations

The Company achieved a sales turnover of Rs.1550.47 lacs and other receipts of Rs.36.57 lacs aggregating to Rs.1587.04 lacs. The global meltdown has adversely affected the Company's business. The reduction in the sales was also due to the cautious credit policy adopted. The Company has suffered a loss of Rs.291.86 lacs as against the profits after tax of Rs.66.27 lacs for the previous year.

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 Management's policy believes that human resource is the basis of all business process and has taken steps to inculcate and foster innovative and improvement oriented thinking amongst all its employees.

Industrial relations of the Company were cordial during the year.



AUDITOR'S REPORT

To,
The Members of
Neogem India Limited

1. We have audited the attached Balance Sheet of **Neogem India Limited** as at 31st March'2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) **Company has not made provision against doubtful debts amounting to Rs.51,30,836/-. As a result loss for the year is understated and debtors are overstated to that extent.**
 - (v) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 **Except leave encashment which is provided on the basis of actual calculation rather than actuarial valuation as per AS15:**
 - (vi) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vii) **Subject to our remark in para 4(iv) & 4(v) above,** In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S. H. BATHIYA & ASSOCIATES**
Chartered accountants

VINOD K. SHAH
Partner

M. No.: 32348

Place: Mumbai
Date: 30th June, 2009

Annexure to the Auditor's Report

Re: Neogem India Limited

(Referred to in paragraph 3 of our report of even date for the year ended 31st March, 2009)

- (i) (a) The company has maintained records showing full particulars including quantitative details and situation of fixed assets. However as explained to us management is in the process of updating records for proper presentation and classification of the fixed assets of the company.
- (b) As per the information and explanations given to us, all the major assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) As explained to us, the company has not disposed off any substantial part of fixed assets during the year, so as to affect the going concern.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
- (b) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to rate of interest and other terms and conditions of the loan granted is not applicable.
- (c) As the company has not granted any loans to parties covered in the register maintained under section 301 of the Companies Act, 1956 this clause relating to receipt of the principal amount and interest are not applicable.
- (d) There is no overdue amount of unsecured loans given to parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company had taken unsecured interest free loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,79,62,000/- and the year-end balance of loans taken from such parties is Rs. 1,79,62,000/-.
- (f) In our opinion, as company had taken interest free unsecured loan hence the question of reporting whether the rate of interest and other terms and conditions of such loans are prejudicial to the interest of the company does not arise.
- (g) Since there is no stipulation as to the time period for the repayment of unsecured loans taken, we are unable to comment on the regularity of the same.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956

and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public and hence the provisions of section 58A and 58AA or any relevant provisions of the Companies Act, 1956 and the Companies (Acceptance and Deposits) Rules, 1975 are not applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The company has no formal auditor, however the company has build-in internal audit system commensurate with the size of the Company and the nature of its business.
- (viii) According to the information given to us, Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, in case of the Company.
- (ix) (a) As per information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to the company have generally been regularly deposited with the appropriate authorities though there has been delays in deposit in a few cases which are not serious.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- (c) According the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except in the case of sales tax and income tax wherein the following disputes are pending:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	11,89,833	F.Y. 2003-04	Income Tax Appellate Tribunal, Mumbai.
Income Tax Act, 1961	Income Tax	1,26,226	F.Y. 2005-06	Deputy Commissioner of Income Tax, Mumbai.
	TOTAL	13,16,059		

- (x) The Company does not have accumulated losses at the end of the year. The company has incurred cash losses amounting to Rs.2,73,06,644/- during the current financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayments of dues to the banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Chit fund or a Nidhi/ Mutual benefit fund / Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, prima facie, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year company has issued 15,65,000 preferential share warrants which will be converted into 15,65,000 equity shares of Rs.10 each at par on or before 14th April 2010 as approved by members in the AGM held on 30th September 2008. According to the information and explanation given to us, the price at which the Company has made allotment of preferential share warrants to parties and companies covered in the register maintained under section 301 of the companies act, 1956 is not prima facie prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For S. H. BATHIYA & ASSOCIATES
Chartered accountants

VINOD K. SHAH
Partner
M. No.: 32348

Place: Mumbai
Date: 30th June, 2009



BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	AS AT 31.3.2009		AS AT 31.3.2008	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
(1) SHAREHOLDERS' FUNDS					
(a) Share Capital	A	63,150,000		63,150,000	
(b) Share Warrants (Refer Note B (1) of Schedule "U")		1,565,000		-	
(c) Reserves & Surplus	B	10,347,489		39,441,490	
(2) LOAN FUNDS					
(a) Secured Loans	C	96,981,037		175,230,711	
(b) Unsecured Loans	D	17,962,000		4,912,000	
(3) DEFERRED TAX LIABILITY (NET)	E	3,549,109		2,127,033	
TOTAL		193,554,635		284,861,234	
II APPLICATION OF FUNDS					
(1) FIXED ASSETS	F				
Gross Block		30,525,267		29,644,820	
Less:- Depreciation		17,354,036		15,474,292	
Net Block		13,171,231		14,170,528	
(2) INVESTMENTS	G	94,040		99,057	
(3) CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	H	54,268,468		117,143,732	
(b) Sundry Debtors	I	201,808,065		221,691,779	
(c) Cash & Bank Balances	J	1,438,811		31,214,240	
(d) Loans & Advances	K	8,138,882		25,884,958	
		265,654,226		395,934,710	
Less: CURRENT LIABILITIES & PROVISION	L				
(a) Liabilities		82,034,862		112,009,498	
(b) Provisions		3,330,000		13,333,562	
		85,364,862		125,343,060	
Net Current Assets		180,289,364		270,591,650	
(4) MISCELLANEOUS EXPENDITURE	M				
(To the extent not written off or adjusted)		-		-	
TOTAL		193,554,635		284,861,234	
NOTES ON ACCOUNTS	U				

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date: 30th June, 2009

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

SCHEDULE		2008-2009		2007-2008	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			155,047,370		539,171,717
Other Income	N		3,656,704		10,318,893
TOTAL			158,704,074		549,490,610
EXPENSES					
Material Cost	O	105,583,673		444,968,545	
Cost of Sales of Trading Goods	P	15,897,565		13,698,070	
Other Manufacturing Expenses	Q	9,764,245		24,558,731	
Personnel Cost	R	11,843,844		21,703,487	
Administrative & Other Expenses	S	28,648,753		20,227,980	
Interest & Financial Expenses	T	12,740,563		12,564,788	
Depreciation		1,879,744		2,150,337	
			186,358,388		539,871,938
PROFIT BEFORE TAX			(27,654,314)		9,618,672
Provision for Income Tax			-		(3,000,000)
Provision for Fringe Benefit Tax			(110,000)		(220,000)
Deferred Tax Liability			(1,422,074)		228,745
PROFIT AFTER TAX			(29,186,388)		6,627,417
Prior Period Adjustments (Net)			92,387		(187,015)
Balance Brought Forward from previous year			35,661,490		29,221,088
BALANCE CARRIED TO BALANCE SHEET			6,567,489		35,661,490
AFTER EXTRA ORDINARY ITEMS					
BASIC EARNINGS PER SHARE			(4.61)		1.07
DILUTED EARNINGS PER SHARE			(3.69)		1.07
BEFORE EXTRA ORDINARY ITEMS					
BASIC EARNINGS PER SHARE			(4.38)		1.07
DILUTED EARNINGS PER SHARE			(3.51)		1.07
NOTES ON ACCOUNTS		U			

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

VINOD SHAH

Partner
Membership No. : 32348
Place : Mumbai
Date: 30th June, 2009

Gaurav Doshi

Chairman &
Managing Director

Ronak Doshi

Vice Chairman &
Whole Time Director



Neogem India Limited

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 'A' SHARE CAPITAL		
AUTHORISED :		
10,00,000 Equity Shares of Rs.10/-each	100,000,000	100,000,000
ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :		
15,000 (P.Y. 63,15,000) Equity Shares of Rs.10/- each	63,150,000	63,150,000
TOTAL	63,150,000	63,150,000
SCHEDULE 'B' RESERVES & SURPLUS		
Share Premium Account		
As per last Balance Sheet	3,780,000	1,740,000
Add:- On further Issue of Capital	-	2,040,000
Closing Balance	3,780,000	3,780,000
Profit & Loss Account	6,567,489	35,661,490
TOTAL	10,347,489	39,441,490
SCHEDULE 'C' SECURED LOANS		
Working Capital Loan from Banks	96,569,177	173,438,704
PNB Term Loan (Repayable at bullet payment after one year) (The Working Capital Loan is secured by hypothecation of stock of Raw Material & Finished Goods Export Documentary Bills, Fixed Assets, Residential Flat of One Director & Two Shareholders as well as Personal Guarantee of Two Director and Three Shareholders)	-	1,128,661
Vehicle Loan (Secured against hypothecation of Vehicle) (Repayable within One Year Rs.2,38,219 /-, P. Y. Rs.3,30,402/-)	411,860	663,346
TOTAL	96,981,037	175,230,711
SCHEDULE 'D' UNSECURED LOANS		
From Company Deposits	8,000,000	1,000,000
From Directors	9,962,000	3,912,000
TOTAL	17,962,000	4,912,000
SCHEDULE 'E' DEFERRED TAX LIABILITY & DEFERRED TAX ASSET		
Deferred Tax Liability due to difference between Book & Tax Depreciation	4,029,747	2,607,672
Deferred Tax Assets due to Accrued expenses deductible on Payment Basis	(480,638)	(480,639)
DEFERRED TAX LIABILITY/ (ASSETS)	3,549,109	2,127,033

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 'F' - FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2008	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.3.2009	PROVISION UP TO 31.3.2008	DEDUCTION ON SALE OF ASSETS	PROVISION FOR THE YEAR	TOTAL DEP. 31-3-2009	AS AT 31-3-2009	AS AT 31-3-2008
GOODWILL	-	-	-	-	-	-	-	-	-	-
LAND	440,029	-	-	440,029	-	-	-	-	440,029	440,029
STAFF QUARTERS	405,000	-	-	405,000	106,029	-	6,602	112,631	292,369	298,971
PLANT & MACHINERY	12,617,622	635,075	-	13,252,697	4,852,216	-	622,077	5,474,293	7,778,404	7,785,406
ELECTRICALS FITTINGS	711,159	230,250	-	941,409	576,379	-	34,959	611,338	330,071	134,780
INTERIORS WORKS	5,860,075	-	-	5,860,075	5,227,454	-	370,943	5,598,397	261,678	632,621
UTILITIES	273,030	-	-	273,030	183,430	-	12,969	196,399	76,631	89,600
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	1,596,520	-	194,403	1,790,923	1,289,302	1,483,705
FACTORY EQUIPMENTS	65,934	-	-	65,934	3,985	-	3,132	7,117	58,817	61,949
OFFICE EQUIPMENTS	694,657	-	-	694,657	362,782	-	49,112	411,894	282,764	331,876
AIR CONDITIONER	1,313,976	-	-	1,313,976	852,661	-	62,414	915,075	398,901	461,315
COMPUTERS	1,812,131	15,122	-	1,827,253	747,708	-	297,889	1,045,597	781,656	1,064,423
MOTOR BIKE	41,894	-	-	41,894	11,275	-	3,980	15,255	26,639	30,619
MOTOR CAR	2,329,086	-	-	2,329,086	953,852	-	221,264	1,175,116	1,153,970	1,375,234
TOTAL	29,644,820	880,447	-	30,525,267	15,474,292	-	1,879,744	17,354,036	13,171,231	14,170,528
PREVIOUS YEAR	31,023,488	3,056,122	4,434,789	29,644,820	15,788,845	2,464,892	2,150,337	15,474,292	14,170,528	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 'G' INVESTMENTS		
UNQUOTED		
In Mutual Funds (Current Investment)		
Principal PNB Long Term Equity Fund 3 Year Plan - Series I (Current Year Qty. 8000 Units, P.Y.8000 Units of Rs.10/- each)	80,000	80,000
100% In Subsidiary Investment (Long Term Investment)		
Neogem (Aus) Pty Ltd.	5,017	5,017
Less : Provision	5,017	-
	-	5,017
QUOTED		
In Shares (Current Investment)		
Shares of Punjab National Bank (Equity Share 36 of Rs. 10/- each)	14,040	14,040
TOTAL	94,040	99,057
Book Value of Quoted Investment	14,040	14,040
Market Value of Quoted Investment	14,792	18,293
SCHEDULE 'H' INVENTORIES		
(As certified by the Management)		
1. Raw Materials	41,061,682	92,949,099
2. Finished Goods	2,142,671	7,436,195
3. Work In Progress	9,365,041	3,146,251
4. Masters & Moulds	886,560	1,049,260
5. Stores, Spares & Tools	116,703	12,024
6. Trading Goods	695,811	12,550,904
TOTAL	54,268,468	117,143,732
SCHEDULE 'I' SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for the period exceeding six months	129,481,148	104,389,472
Others	72,326,917	117,302,308
TOTAL	201,808,065	221,691,779
According to security & realisibilty		
1. Debts considered good and in respect of which company is fully secured	-	-
2. Debts considered good for which the company hold no security other than the Debtors personal security	201,808,065	221,691,779
3. Debts considered doubtful or bad	-	-
Debts due from person connected with management		
1. Debts due by director or other officers of the company or any of them either severally or jointly with any other person	-	-
2. Debts due by firms in which any director is a partner	-	-
3. Debts due by private companies in which any director is a director	5,048,067	3,960,182
4. Debts due from other companies under the same management	-	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
SCHEDULE 'J' CASH & BANK BALANCES		
1. Cash on hand	514,982	2,754,273
2. Bank Balances		
With scheduled banks		
- In current A/c	321,118	2,226,470
- In Fixed Deposits	602,711	26,233,497
TOTAL	1,438,811	31,214,240
SCHEDULE 'K' LOANS & ADVANCES		
Advances considered good & recoverable in cash or in kind or for value to be received.		
1. Securities deposits	692,383	4,235,978
2. Advance Tax, T.D.S & F.B.T	4,366,871	14,560,021
3. VAT Refund Receivable	266,258	1,935,857
4. Other Advances	2,813,370	5,153,102
TOTAL	8,138,882	25,884,958
SCHEDULE 'L' CURRENT LIABILITIES & PROVISIONS		
Liabilities :		
1. Trade Creditors	76,001,872	107,859,938
2. Creditors For Expenses	1,793,409	3,049,581
3. Advance from Debtors	3,706,546	840,418
4. Credit Balance in Current Accounts with Banks	533,035	259,561
TOTAL	82,034,862	112,009,498
Provisions :		
Provision for Income Tax	3,330,000	13,333,562
SCHEDULE 'M' MISCELLANEOUS EXPENDITURE		
Opening Balance	-	5,000
Less: Written off during the year	-	(5000)
CLOSING BALANCE	-	-



SCHEDULES FORMING PART OF THE ACCOUNTS

	2008-2009 Rs.	2007-2008 Rs.
SCHEDULE 'N' OTHER INCOME		
Interest on F.D. with Bank (including TDS Rs: 3,12,455/- P.Y. Rs.2,83,351/-)	1,397,753	1,655,734
Interest on Security Deposit	10,529	9,151
Insurance Claim	2,062,854	-
Foreign Exchange Gain (Net)	-	8,185,015
Incomes from Sale of Investment	-	70,000
Sundry Balance W/off	-	21,585
Miscellaneous Income	185,568	377,408
TOTAL	3,656,704	10,318,893
SCHEDULE 'O' MATERIAL COST & INVENTORY ADJUSTMENT		
Opening Stock	92,949,099	50,004,105
Add : Purchases	54,621,523	497,028,676
Less: Closing Stock	41,061,682	92,949,099
CONSUMPTION OF RAW MATERIAL	106,508,939	454,083,682
<u>Opening Stock</u>		
Finished Goods	7,436,195	210,722
Work In Progress	3,146,251	1,256,586
Total	10,582,446	1,467,309
<u>Closing Stock</u>		
Finished Goods	2,142,671	7,436,195
Work In Progress	9,365,041	3,146,251
Total	11,507,712	10,582,446
(Increase) / Decrease in Stock of Finished & Semi Finished Goods	(925,266)	(9,115,137)
TOTAL	105,583,673	444,968,545
SCHEDULE 'P' COST OF SALES OF TRADING GOODS		
Opening Stock	12,550,904	-
Add : Purchases	4,042,473	26,248,974
Less: Closing Stock	695,811	12,550,904
TOTAL	15,897,565	13,698,070
SCHEDULE 'Q' OTHER MANUFACTURING EXPENSES		
Electricity Charges	1,183,976	2,020,512
Export Freight & Clearing	448,815	1,102,488
Factory Expenses	402,557	536,868
Job Work & Labour Charges	5,048,171	14,501,104
Master & Mould Consumed	287,219	348,920
Packing Material	32,132	100,980
Stores, Spares & Consumable Consumed	2,185,239	5,524,218
Transport & Handling charges	44,463	217,869
Water Charges	131,674	205,773
TOTAL	9,764,245	24,558,731

SCHEDULES FORMING PART OF THE ACCOUNTS

	2008-2009	2007-2008
	Rs.	Rs.
SCHEDULE 'R' PERSONNEL COST		
Bonus	461,386	864,425
Contribution towards P.F, E.S.I.C. & L.W.F	331,033	1,143,752
Remuneration to Directors	2,625,703	3,444,705
Staff Welfare Expenses	283,960	742,077
Salary, Wages & Allowances	8,141,762	15,508,529
TOTAL	11,843,844	21,703,487

SCHEDULE 'S' ADMINISTRATIVE & OTHER EXPENSES

Auditors Remmuneration	197,000	164,000
Annual General Meeting Expenses	10,294	11,352
Advertising & Publicity	43,218	476,839
Bank Charges	1,000,867	2,328,734
Buyers Credit Report Exp.	42,920	-
Bad Debts Written Off	2,617,274	4,934,350
Car Expenses	285,015	363,894
Conveyance Expenses	148,910	550,129
Custodian Charges	92,060	250,650
Computer Expenses	117,228	162,606
Donation	-	4,501
Discount Allowed	10,403	233,185
Directors Sitting Fees	-	5,000
Deferred Expenses Written Off	-	54,295
Goodwill w/off	-	25,000
Insurance Premium	1,736,375	3,098,905
Inspection Charges	5,785	4,171
Jewellery Testing Chrgs	-	4,425
Licencing Charges	2,288	14,459
Legal & Professional Charges	1,086,530	1,732,716
Listing Fees	15,000	131,000
Loss on Foreign Exchange	15,209,057	-
Loss on Forward Contract	652,085	-
Loss on Subsidiary Companies	1,424,903	-
Membership & Subscription	125,270	180,313
Office General Expenses	67,076	98,942
Printing & Stationery	205,652	377,533
Postage & Telephone Expenses	422,159	621,322
Professional Tax on Companies	2,500	-
Repairs & Maintainance (Plant & Machinery)	706,194	260,779
Repairs & Maintainance (Others)	594,832	278,639
Rent, Rates & Taxes	885,165	656,797
Registration & Filling Fees	41,644	67,721
Sales Promotion Expenses	272,784	1,141,918
Stamp Duty	203,955	-
Software Purchase Charges	7,288	-
Security Charges	279,890	510,360
Travelling Expenses	137,133	1,450,530
Seminar & Conference Fees	-	32,916
TOTAL	28,648,753	20,227,980

SCHEDULE 'T' INTEREST & FINANCIAL EXPENSES

Interest on Fixed Loans	60,793	82,458
Interest on Working Capital Loan	12,679,770	12,482,329
TOTAL	12,740,563	12,564,788

SCHEDULE "U" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1) BASIS OF ACCOUNTING :

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

2) REVENUE RECOGNITION:

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

3) USE OF ESTIMATES :

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

4) FIXED ASSETS:

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

5) DEPRECIATION:

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

6) INVENTORIES:

Inventories are valued as under:

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

7) FOREIGN EXCHANGE TRANSACTIONS :

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

8) RETIREMENT BENEFITS :

Gratuity

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

Leave Encashment

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

Provident Fund & Family Pension

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

9) COMMODITY HEDGING TRANSACTIONS:

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

10) IMPAIRMENT OF ASSETS :

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

11) PROVISION FOR CURRENT & DEFERRED TAX

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

Deferred Tax resulting from "Timing Difference" between Book and Taxable Profit is accounted for using the tax rates & laws that have been enacted or substantively enacted on the Balance Sheet date. The Deferred Tax Assets are recognised and carried forward only to the extent that there is a virtual certainty supported by convincing evidence that the asset will be realised in future.

Net outstanding balance in Deferred Tax account is recognised as Deferred Tax Liability/Asset. The Deferred Tax account is used solely for reversing timing difference as and when crystallized.

12) FRINGE BENEFIT TAX :

Fringe Benefit Tax is determined at current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under The Income Tax Act, 1961.

13) CASH FLOW STATEMENT :

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

14) PRIOR PERIOD ITEMS :

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

15) RELATED PARTY TRANSACTIONS :

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

16) EARNING PER SHARE :

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

17) DOUBTFUL DEBTS/ADVANCES / DEPOSITS/ INVESTMENT :

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

18) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

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

19) INVESTMENT

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

B. NOTES ON ACCOUNTS

- During the year Company has issued 15,65,000 Preferential Share Warrants which will be converted into 15,65,000 Equity Shares of Rs.10 each at Par on or before 14th April, 2010.

2) DIRECTORS' REMMUNERATION

Amount in Rs.

PARTICULARS	2008-09		2007-08	
	Managing Director	Whole Time Directors	Managing Director	Whole Time Directors
SALARY	865,000	1,689,000	1,200,000	2,136,000
CONTRIBUTION TO PROVIDENT FUND	30,000	36,000	36,000	36,000
PERQUISITES	-	5,703	16,245	20,460
	895,000	1,730,703	1,252,245	2,192,460

SITTING FEES TO OTHER DIRECTORS

RS. NIL

RS. 5,000/-

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

Particulars	2008-2009		2007-2008	
Profit Before Tax		(27,654,314)		9,618,672
Add :-				
Remuneration to Directors	2,625,703		3,444,705	
Directors' Sitting Fees			5,000	
Less:-		2,625,703		3,449,705
Profit on sale of Assets & Investments		-		70,000
Net Profit/(Loss) for the Year		(25,028,611)		12,998,377

7) **Auditors' Remuneration**

Particulars	2008-2009	2007-2008
Audit Fees	110,000	80,000
Tax Audit Fees	20,000	20,000
VAT Audit Fees	30,000	15,000
Certification Fees	27,000	24,000
Other Advisory Fees	10,000	25,000

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

PRODUCT UNIT	LICENSED CAPACITY		INSTALLED CAPACITY		ACTUAL PRODUCTION	
	CURRENT YEAR	PREV. YEAR	CURRENT YEAR	PREV. YEAR	CURRENT YEAR	PREV. YEAR
1.POLISHED DIAMONDS (IN CARATS)	License is not required hence Not Applicable		Not Ascertainable	Not Ascertainable	31,033	13,157
2.STUDDED JEWELLERY (IN GRAMS)	License is not required hence Not Applicable		Not Ascertainable	Not Ascertainable	111,885	431,617

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

PRODUCT UNIT	OPENING STOCK		CLOSING STOCK		TURNOVER	
	QTY.	VALUE Rs.	QTY.	VALUE Rs.	QTY.	VALUE Rs.
1. STUDDED JEWELLERY (In Grams)	1,649.58 (207.88)	7,436,195.23 (210,722.46)	4,335.24 (1,649.58)	2,142,670.68 (7,436,195.23)	109,199.80 (430,174.91)	104,757,075.01 (434,023,400.62)
2. POLISHED DIAMOND (In Carats)	0.00 (0.00)	0.00 (0.00)	7,318.97 (0.00)	9,224,533.57 (0.00)	23,714.48 (13,156.79)	34,392,729.52 (105,146,695.97)
3. TRADING GOODS (In Carats)	0.00 (0.27)	0.00 (1,620.02)	818.72 (0.00)	695,811.31 (0.00)	20,608.21 (0.27)	15,897,565.21 (1,620.02)
TOTAL		7,436,195.23 (212,342.48)		12,063,015.56 (7,436,195.23)		155,047,369.74 (539,171,716.61)

(c) RAW MATERIAL CONSUMED

PRODUCT	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		QUANTITY	AMOUNT Rs.	QUANTITY	AMOUNT Rs.
1. DIAMONDS	IN CARATS				
A) Polished Diamonds		31,579	66,370,979	42,995	197,300,203
B) Rough Diamonds		-	-	46,606	85,143,615
2. GOLD	IN GRAMS	30,787	38,844,181	166,008	160,867,129
3. OTHERS			1,293,779		10,772,735
			106,508,939		454,083,682

9) CONSUMPTION OF RAW MATERIALS

PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
	Rs.	%	Rs.	%
1. RAW MATERIALS				
IMPORTED	106,508,939	100.00	329,203,968	72.50
INDIGENOUS	-	-	124,879,714	27.50
	106,508,939	100.00	454,083,682	100.00



10) VALUE OF IMPORT ON CIF BASIS

	CURRENT YEAR AS AT 31.03.2009 Rs.	PREVIOUS YEAR AS AT 31.03.2008 Rs.
--	-----------------------------------------	------------------------------------------

Raw Materials	54,746,041	372,149,819
Finished Goods	4,042,473	26,248,974
Stores & Spares	2,289,918	4,607,676

11) EXPENDITURE IN FOREIGN CURRENCY

Travelling Expenses	72,965	270,400
---------------------	--------	---------

12) WORKING OF EARNING PER SHARE

AFTER EXTRA ORDINARY ITEMS

Profit After Tax	(29,094,001)	6,440,402
Basic no of Equity Shares	6,315,000	6,018,197
Of Face Value rs.10/- each		
EPS Basic Rs.	(4.61)	1.07
Diluted no of Equity Shares	7,880,000	6,018,197
Of Face Value Rs.10/- each		
EPS Diluted rs.	(3.69)	1.07

BEFORE EXTRA ORDINARY ITEMS

Profit After Tax	(27,669,098)	6,440,402
Basic no of Equity Shares	6,315,000	6,018,197
Of Face Value Rs.10/- each		
EPS Basic Rs.	(4.38)	1.07
Diluted no of Equity Shares	7,880,000	6,018,197
Of Face Value Rs.10/- each		
EPS Diluted Rs.	(3.51)	1.07

13) EARNING IN FOREIGN EXCHANGE

Export of Goods- Calculated	117,852,926	432,425,766
On FOB Basis		

14) RELATED PARTY DESCLOSURES :

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

NAME OF RELATED PARTIES

Subsidiary company	Associates	Key Management Personnel	Relative of Key Managerial Personnel
Neogem (Aus) Pty. Ltd.	Kamya Impex Pvt. Ltd. Empress Jewelry Pvt. Ltd.	Gaurav Doshi Ronak Doshi Chrisilda Kane	Mahindra B. Doshi Russel Kane

RELATED PARTY TRANSACTIONS

Amount in Rs.

Sr. No.	Nature of Transaction	2008-09 (2007-08)			
		Subsidiary Company	Associates	Key Management Personnel	Relative of Key Mgmt. Personnel
	Transactions during the year				
1	Receipt against Sale of Goods (Previous Year)	-	- (4,189,826)	-	-
2	Remuneration (Previous Year)	-	-	2,625,703 (3,444,705)	-
3	Professional Fees (Previous Year)	-	-	-	450,000 (960,000)
	Balances at the year end:				
1	Receivables (Previous Year)	-	-	-	-
2	Advances (Previous Year)	(966,443)	-	-	-
3	Investment (Previous Year)	5,017 (5,017)	-	-	-
4	Unsecured Loans (Previous Year)	-	-	9,962,000 (4,912,000)	-

Note: During the year company has written off advances recoverable from subsidiary company amounting to Rs. 14,19,885/-.

15) SEGMENT REPORTING

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

- 16) Due to non viable working of 100 % Australian Subsidiary Company the management has decided to discontinue its operation. In view of the same all the assets have been disposed off & total loss based on unaudited accounts of subsidiary company has been recognised in the books of company
- 17) Fire occurred during the F.Y.2007-08 against which company has received Rs.2,77,500/- during the year & Rs.11,10,252/- after the end of the Financial Year as a Insurance Claim.

18) DEFERRED TAX LIABILITIES/ASSETS

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

PARTICULARS	As on 31.03.2009	As on 31.03.2008
DEFERRED TAX LIABILITIES		
Related to Fixed Assets	1,422,074	2,607,673
DEFERRED TAX ASSETS		
Disallowance under Income Tax Act	182,355	480,638
Business Loss Including Depeciation	7,994,706	-
TOTAL	8,177,061	480,638
NET DEFERRED TAX (ASSET)/LIABILITY	(6,754,987)	2,127,035

As at 31st March,2009 the Company has Deferred Tax Asset of Rs.81,77,061/-. In the absence of Virtual Certainty that sufficient future Taxable Income will be available against which such Deferred Tax Assets can be realised, the same has not been recognised in the books of accounts in line with Accounting Standard 22 dealing with "Accounting for Taxes on Income"

19) CONTINGENT LIABILITIES :

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

Income Tax demand disputed by the Company of Rs.13,16,059/-

Guarantee issued by bank for Trading Division (SEEPZ) Rs. NIL/- (Previous year Rs.5,00,000/-)

20) Disclosure as per AS- 15 (Revised)

Particular	As on 31.3.2009	As on 31.3.2008
a. Assumptions		
Discount Rate	8%	8%
Salary Escalation	5%	5%
b. Table Showing changes in present value of obligations		
Present value of obligations as at the beginning of the year	250,589	355,494
Interest Cost	20,047	26,662
Current Service cost	53,667	123,464
Benefits paid	(121,922)	17,011
Actuarial (Gain)/Loss on obligation	48,090	227,498
Present value of obligations as at the end of the year	250,471	716,107
c. Table Showing Changes in the fair value of plan assets		
Present value of plan assets as at the beginning of the year	364,862	-
Expected return on plan assets	27,128	13,319
Contributions	69,489	368,554
Benefits paid	(121,922)	17,011
Actuarial Gain/(Loss) on obligation	NIL	NIL
Present value of plan assets as at the end of the year	339,557	364,862
d. Table Showing fair value of plan assets		
Present value of plan assets as at the beginning of the year	364,862	-
Actual return on plan assets	27,128	13,319
Contributions	69,489	368,554
Benefits paid	(121,922)	17,011
Present value of plan assets as at the end of the year	339,557	364,862
Funded Status	89,086	(351,245)
Excess of Actual over estimated return on plan assets	NIL	NIL
(Actual Rate of return=Estimated rate of return as ARD falls on 31st March)		
e. Actuarial Gain/Loss recognised		
Actuarial (Gain)/Loss for the year- obligations	(48,090)	(227,498)
Actuarial (Gain)/Loss for the year- plan assets	NIL	NIL
Total Actuarial (Gain)/Loss for the year	48,090	227,498
Actuarial (Gain)/Loss recognised for the year	48,090	227,498
f. Amounts to be recognised in Balance Sheet and Profit & Loss Account		
Present Value of obligations as at the end of the year	250,471	716,107
Fair Value of pain assets as at the end of the year	339,557	364,862
Funded Status	89,086	(351,245)
Net Asset/(liability) recognised in Balance Sheet	(89,086)	351,245
g. Expenses recognised in statement of profit & loss Account		
Current Service cost	53,667	123,464
Interest Cost	20,047	26,662
Expected return on plan assets	(27,128)	13,319
Net Actuarial (Gain)/Loss recognised for the year	48,090	227,498
Expenses recognised in statement of profit & loss Account	94,676	364,305
(Company has debited in Profit & Loss Account Rs. 406528/- Since additional Gratuity paid by the Company voluntarily.)		



21) PRIOR PERIOD ITEMS

Particulars	2008-09	2007-08
1 Income	1,535,186	302960
2 Expenses	(907,383)	(179,052)
	<hr/> 627,803	<hr/> 123,908
3 Excess Provision for tax - net of interest received / (short) provision for income tax including interest & TDS	(535,416)	(310,923)
	<hr/>	<hr/>
Total	92,387	(187,015)
	<hr/> <hr/>	<hr/> <hr/>

22) DISCLOSURE AS PER CLAUSE 32 OF LISTING AGREEMENT:

Loans & Advances given to Subsidiary Company

Name of Subsidiary:	Neogem (Aus) Pty. Ltd.	2008-09	2007-08
Outstanding balance at the end of the year		-	966,443
Maximum balance outstanding during the year		1,419,885	966,443

23) Administrative & Other expenses includes Rs. 14,24,903/- towards loss on subsidiary company.

24) In view of loss, Provision for Income Tax is not made in the current year.

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



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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Detail

Registration No.

State Code

Balance Sheet Date

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

Public Issue

Right Issue

Bonus Issue

Private Placements

(Preferential Allotment)

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

Total Liabilities

Total Assets

Sources of Funds

Paid - Up Capital

Reserves & Surplus

Share Application Money

Deferred Tax Liabilities

(Warrants)

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Loss

Deferred Tax Assets

iv. Performance of Company (Rs. In Thousands)

Turnover

Total Expenditure

Profit/ (Loss) Before Tax

Profit/ (Loss) After Tax

Earning Per Share (Basic) (Rs.)

Dividend Rate %

Earning Per Share (Diluted) (Rs.)

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

Item Code No.

Product Description

Signatures to Schedule 'A' to 'U'

As per our report of even date

For S. H. BATHIYA & ASSOCIATES

Chartered Accountants

For and on behalf of the Board

VINOD SHAH

Partner

Membership No. : 32348

Place : Mumbai

Date: 30th June, 2009

Gaurav Doshi

Chairman &

Managing Director

Ronak Doshi

Vice Chairman &

Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR AS AT 31/03/2009	PREVIOUS YEAR AS AT 31/03/2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extra - ordinary items	(27,654,314)	9,618,672
Adjustment for		
Depreciation	1,879,744	2,150,337
Provision for loss on investment	5,017	-
(Profit) / loss on sale of investment	-	(70,000)
Interest Expenses	12,740,563	12,564,788
Deffered Revenue expenses w/off	-	54,295
Goodwill w/off	-	25,000
Prior Period Expenses	627,803	123,908
Insurance Claim Received	(2,062,854)	-
Interest Income	(1,397,753)	(1,655,734)
Dividend Income	-	-
	11,792,520	13,192,594
Operating Profit before working capital changes	(15,861,794)	22,811,266
Adjustment for Working Capital :		
(Increase) / Decrease in current asset :		
(Increase)/ Decrease in Debtors	19,883,714	396,605,283
(Increase)/ Decrease in Inventories	62,875,264	(63,346,431)
(Increase)/ Decrease in Loans & advances	7,552,927	(6,515,888)
	90,311,905	326,742,964
Increase/ (Decrease) in current liability :		
Increase/ (Decrease) in Creditors for goods	(31,858,066)	(364,603,152)
Increase/ (Decrease) in Creditors for expenses	(1,256,173)	(1,132,756)
Increase/ (Decrease) in other liabilities	3,139,602	1,078,333
	(29,974,637)	(364,657,576)
Cash generated from operations	44,475,474	(15,103,346)
Less : Income Tax & FBT paid	(455,827)	(4,496,943)
Insurance Claim Received	2,062,854	-
NET CASH FLOW FROM OPERATING ACTIVITIES	46,082,502	(19,600,289)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(886,447)	(3,056,122)
Interest Received	1,397,753	1,655,734
Purchase of Investment	-	(5,017)
Sale Proceeds on sale of Investment	-	90,000
NET CASH FLOW FROM INVESTING ACTIVITIES	517,306	(1,315,405)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest on borrowings	(12,740,563)	(12,564,788)
Proceeds from Borrowings	(65,199,674)	22,021,921
Proceeds from share capital & share warrants	1,565,000	6,426,000
NET CASH FLOW FROM FINANCING ACTIVITIES	(76,375,237)	15,883,133
NET CHANGES IN CASH & CASH EQUIVALENTS	(29,775,430)	(5,032,559)
CASH & CASH EQUIVALENTS OPENING BALANCE	31,214,241	36,246,800
CASH & CASH EQUIVALENTS CLOSING BALANCE	1,438,811	31,214,241

As per our report of even date

For **S. H. BATHIYA & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date: 30th June, 2009

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO THE COMPANY'S INTEREST IN SUBSIDIARY COMPANY FOR THE
FINANCIAL YEAR 2008-09**

Sr.no.	Particulars	Remarks
1.	Name of the Subsidiary Company	NEOGEM (AUS) PTY LTD
2.	The Financial year ending of the Subsidiary	30 th June 2008
3.	No. of shares held in the Subsidiary Company on the above date	100 Ordinary fully paid shares AUD 1.00 each
4.	Extent of Holding	100%
5.	The net aggregate amount of the profits/(losses) of the Subsidiary Company so far as it concerns the members of the holding company and is not dealt with in holding Company's accounts: a) For the financial year ended 31.03.2009 b) For the previous financial years since it became subsidiary	 Rs. 3,54,840.00 (Rs.3,59,858.00)
6.	The net aggregate amount of Profit/(Loss) of the Subsidiary Company so far as it concerns the members of the holding Company and is dealt with in holding company's accounts; a) For the financial year ended 31.03.2009 b) For the previous financial years since it became subsidiary	 NIL NIL
7.	Material Changes between the end of the financial year end of the Subsidiary Company and the financial year end of the Holding Company.	NIL

For and on behalf of Board of Directors

Gaurav Doshi
Chairman and Managing Director

Ronak Doshi
Whole time director

AUDITOR'S REPORT

To,

The Members of

Neogem India Limited

1. We have examined the attached Consolidated Balance Sheet of **Neogem India Limited** group as at 31st March, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally acceptable in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. **The Consolidated Financial Statements is based on Unaudited Financial Statements of a Subsidiary Company, which we do not audit**, whose financial statements reflects the group's share of assets (net) of Rs. NIL as at March 31, 2009 and total profit of Rs. 3,54,840/-. We have relied upon the unaudited financial statements as provided by the management of the subsidiary company for the purpose of our examination of consolidated financial statements.
4. We report that the Consolidated Financial Statements have been prepared by the management of the company in accordance with the requirement of Accounting Standard (AS) – 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
5. **In the books of holding Company provision has not been made against doubtful debts amounting to Rs. 51,30,836/-. As a result loss for the year is understated and debtors are overstated to that extent.**
6. **Subject to Para 3 & 5 above**, based on our audit and on the other financial information of the components, and to the best of our audit information and according to the explanation given to us, the consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S. H. BATHIYA & ASSOCIATES
Chartered accountants

VINOD K. SHAH
Partner
M. No.: 32348

Place : Mumbai
Date : 30th June, 2009



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	AS AT 31.3.2009		AS AT 31-3-2008	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
(1) SHAREHOLDERS' FUNDS					
(a) Share Capital	A	63,150,000		63,150,000	
(b) Share Warrants		1,565,000		-	
(Refer Note B (1) of Schedule "U")					
(c) Reserves & Surplus	B	10,347,489		39,081,632	
(2) LOAN FUNDS					
(a) Secured Loans	C	96,981,037		175,230,711	
(b) Unsecured Loans	D	17,962,000		4,912,000	
(3) DEFERRED TAX LIABILITY (NET)	E	3,549,109		2,127,033	
TOTAL		193,554,635		284,501,376	
II APPLICATION OF FUNDS					
(1) FIXED ASSETS	F				
Gross Block		30,525,267	29,896,115		
Less:- Depreciation		17,354,036	15,474,292		
Net Block		13,171,231		14,421,823	
(2) INVESTMENTS	G	94,040		94,040	
(3) CURRENT ASSETS, LOANS & ADVANCES					
(a) Inventories	H	54,268,468	117,143,732		
(b) Sundry Debtors	I	201,808,065	221,691,779		
(c) Cash & Bank Balances	J	1,438,811	31,350,515		
(d) Loans & Advances	K	8,138,882	25,204,432		
		265,654,226	395,390,459		
Less: CURRENT LIABILITIES & PROVISION	L				
(a) Liabilities		82,034,862	112,071,383		
(b) Provisions		3,330,000	13,333,562		
Net Current Assets		180,289,364		269,985,514	
TOTAL		193,554,635		284,501,376	
NOTES ON ACCOUNTS	T				

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		2008-2009 Rs.	2007-2008 Rs.
INCOME			
Sales		155,204,616	539,171,717
Other Income	M	3,669,164	10,319,745
TOTAL		158,873,780	549,491,461
EXPENSES			
Material Cost	N	105,692,989	444,968,545
Cost of Sales of Trading Goods	O	15,897,565	13,698,070
Other Manufacturing Expenses	P	9,809,066	24,558,731
Personnel Cost	Q	12,272,113	21,703,487
Administrative & Other Expenses	R	27,876,194	20,588,689
Interest & Financial Expenses	S	12,740,563	12,564,788
Depreciation		1,879,744	2,150,337
		186,168,236	540,232,646
PROFIT BEFORE TAX		(27,294,456)	9,258,814
Provision for Income Tax		-	(3,000,000)
Provision for Fringe Benefit Tax		(110,000)	(220,000)
Deferred Tax Liability		(1,422,074)	228,745
PROFIT AFTER TAX		(28,826,530)	6,267,559
Prior Period Adjustments (Net)		92,387	(187,015)
Balance Brought Forward from previous year		35,301,632	29,221,088
BALANCE CARRIED TO BALANCE SHEET		6,567,489	35,301,632
AFTER EXTRA ORDINARY ITEMS			
BASIC EARNINGS PER SHARE		(4.55)	1.04
DILUTED EARNINGS PER SHARE		(3.65)	1.04
BEFORE EXTRA ORDINARY ITEMS			
BASIC EARNINGS PER SHARE		(4.55)	1.04
DILUTED EARNINGS PER SHARE		(3.65)	1.04
NOTES ON ACCOUNTS	T		

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date : 30th June, 2009

For and on behalf of the Board

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 'A' SHARE CAPITAL		
AUTHORISED :		
100,00,000 Equity Shares of Rs.10/-each	100,000,000	100,000,000
ISSUED, SUBSCRIBED, CALLED UP AND FULLY PAID UP :		
63,15,000 (P.Y. 63,15,000)		
Equity Shares of Rs.10/- each	63,150,000	63,150,000
TOTAL	63,150,000	63,150,000
SCHEDULE 'B' RESERVES & SURPLUS		
1. Share Premium Account		
As per last Balance Sheet	3,780,000	1,740,000
Add:- On further Issue of Capital	-	2,040,000
Closing Balance	3,780,000	3,780,000
2. Profit & Loss Account	6,567,489	35,301,632
TOTAL	10,347,489	39,081,632
SCHEDULE 'C' SECURED LOANS		
1. Working Capital Loan from Banks	96,569,177	173,438,704
2. PNB Term Loan (Repayable at bullet payment after one year) (The Working Capital Loan is secured by hypothecation of stock of Raw Material & Finished Goods Export Documentary Bills, Fixed Assets, Residential Flat of One Director & Two Shareholders as well as Personal Guarantee of Two Directors and Three Shareholders)	-	1,128,661
3. Vehicle Loan (Secured against hypothecation of Vehicle) (Repayable within One Year Rs.2,38,219 /-, P. Y. Rs.3,30,402/-)	411,860	663,346
TOTAL	96,981,037	175,230,711
SCHEDULE 'D' UNSECURED LOANS		
Inter Company Deposits	8,000,000	1,000,000
From Directors	9,962,000	3,912,000
TOTAL	17,962,000	4,912,000
SCHEDULE 'E' DEFERRED TAX LIABILITY & DEFERRED TAX ASSET		
Deferred Tax Liability due to difference between Book & Tax Depreciation	4,029,747	2,607,672
Deferred Tax Assets due to Accrued expenses deductible on Payment Basis	(480,638)	(480,639)
NET DEFERRED TAX LIABILITY/ (ASSETS)	3,549,109	2,127,033

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 'F' - FIXED ASSETS

Amount in Rs.

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.4.2008	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	AS AT 31.3.2009	PROVISION UP TO 31.3.2008	DEDUCTION ON SALE OF ASSETS	PROVISION FOR THE YEAR	TOTAL DEP. 31-3-2009	AS AT 31-3-2009	AS AT 31-3-2008
GOODWILL	-	-	-	-	-	-	-	-	-	-
LAND	440,029	-	-	440,029	-	-	-	-	440,029	440,029
STAFF QUARTERS	405,000	-	-	405,000	106,029	-	6,602	112,631	292,369	298,971
PLANT & MACHINERY	12,617,622	635,075	-	13,252,697	4,852,216	-	622,077	5,474,293	7,778,404	7,765,406
ELECTRICALS FITTINGS	711,159	230,250	-	941,409	576,379	-	34,959	611,338	330,071	134,780
INTERIORS WORKS	5,860,075	-	-	5,860,075	5,227,454	-	370,943	5,598,397	261,678	632,621
UTILITIES	273,030	-	-	273,030	183,430	-	12,969	196,399	76,631	89,600
FURNITURE & FIXTURES	3,080,226	-	-	3,080,226	1,596,520	-	194,403	1,790,923	1,289,302	1,483,705
FACTORY EQUIPMENTS	65,934	-	-	65,934	3,985	-	3,132	7,117	58,817	61,949
OFFICE EQUIPMENTS	945,952	108,632	359,927	694,657	362,782	-	49,112	411,894	282,764	583,171
AIR CONDITIONER	1,313,976	-	-	1,313,976	852,661	-	62,414	915,075	398,901	461,315
COMPUTERS	1,812,131	15,122	-	1,827,253	747,708	-	297,889	1,045,597	781,656	1,064,423
MOTOR BIKE	41,894	-	-	41,894	11,275	-	3,980	15,255	26,639	30,619
MOTOR CAR	2,329,086	-	-	2,329,086	953,852	-	221,264	1,175,116	1,153,970	1,375,234
TOTAL	29,896,115	989,079	359,927	30,525,267	15,474,292	-	1,879,744	17,354,036	13,171,231	14,421,823
PREVIOUS YEAR	31,023,488	3,307,417	4,434,789	29,896,115	15,788,845	2,464,892	2,150,337	15,474,292	14,421,823	-



SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 'G' INVESTMENTS		
UNQUOTED		
Investment in Mutual Funds (Current Investment)		
Principal PNB Long Term Equity Fund 3 Year Plan - Series I	80,000	80,000
Current Year Qty. 8000 Units, P.Y. 8000 Units of Rs. 10/- each)		
QUOTED		
Investment in Shares (Current Investment)		
Shares of Punjab National Bank	14,040	14,040
Equity Share 36 of Rs. 10/- each)		
TOTAL	94,040	94,040
Book Value of Quoted Investment	14,040	14,040
Market Value of Quoted Investment	14,792	18,293
SCHEDULE 'H' INVENTORIES		
As certified by the Management)		
Raw Materials	41,061,682	92,949,099
Finished Goods	2,142,671	7,436,195
Work In Progress	9,365,041	3,146,251
Masters & Moulds	886,560	1,049,260
Stores, Spares & Tools	116,703	12,024
Trading Goods	695,811	12,550,904
TOTAL	54,268,468	117,143,732
SCHEDULE 'I' SUNDRY DEBTORS		
Insecured, Considered Good)		
Debts outstanding for the period exceeding six months	129,481,148	104,389,472
Others	72,326,917	117,302,308
TOTAL	201,808,065	221,691,779
According to security & realisibility		
Debts considered good and in respect of which company is fully secured	-	-
Debts considered good for which the company hold no security other than the Debtors personal security	201,808,065	221,691,779
Debts considered doubtful or bad	-	-
Debts due from person connected with management		
1. Debts due by director or other officers of the company or any of them either severally or jointly with any other person	-	-
2. Debts due by firms in which any director is a partner	-	-
3. Debts due by private companies in which any director is a director	5,048,067	3,960,182
4. Debts due from other companies under the same management	-	-



SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SCHEDULE 'J' CASH & BANK BALANCES		
1. Cash on hand	514,982	2,754,273
2. Bank Balances		
With scheduled banks		
- In current A/c	321,118	2,362,745
- In Fixed Deposits	602,711	26,233,497
TOTAL	1,438,811	31,350,515
SCHEDULE 'K' LOANS & ADVANCES		
Advances considered good & recoverable in cash or in kind or for value to be received.		
1. Securities deposits	692,383	4,235,978
2. Advance Tax, T.D.S & F.B.T	4,366,871	14,560,021
3. VAT Refund Receivable	266,258	1,935,857
4. Other Advances	2,813,370	4,472,576
TOTAL	8,138,882	25,204,432
SCHEDULE 'L' CURRENT LIABILITIES & PROVISIONS		
Liabilities :		
1. Trade Creditors	76,001,872	107,921,823
2. Creditors For Expenses	1,793,409	3,049,581
3. Advance from Debtors	3,706,546	840,418
4. Credit Balance in Current Accounts with Banks	533,035	259,561
TOTAL	82,034,862	112,071,383
Provisions :		
Provision for Income Tax	3,330,000	13,333,562

SCHEDULES FORMING PART OF THE ACCOUNTS

	2008-2009 Rs.	2007-2008 Rs.
SCHEDULE 'M' OTHER INCOME		
Interest on F.D. with Bank (including TDS Rs. 3,12,455/- P.Y. Rs.2,83,351/-)	1,410,212	1,656,585
Interest on Security Deposit	10,529	-
Insurance Claim	2,062,854	-
Foreign Exchange Gain (Net)	-	8,185,015
Incomes from Sale of Investment	-	70,000
Sundry Balance W/off	-	21,585
Miscellaneous Income	185,569	386,559
TOTAL	3,669,164	10,319,745
SCHEDULE 'N' MATERIAL COST & INVENTORY ADJUSTMENT		
Opening Stock	92,949,099	50,004,105
Add : Purchases	54,730,838	497,028,676
Less: Closing Stock	41,061,682	92,949,099
CONSUMPTION OF RAW MATERIAL	106,618,255	454,083,682
Opening Stock		
Finished Goods	7,436,195	210,722
Work In Progress	3,146,251	1,256,586
Total	10,582,446	1,467,309
Closing Stock		
Finished Goods	2,142,671	7,436,195
Work In Progress	9,365,041	3,146,251
Total	11,507,712	10,582,446
(Increase) / Decrease in Stock of Finished & Semi Finished Goods	(925,266)	(9,115,137)
TOTAL	105,692,989	444,968,545
SCHEDULE 'O' COST OF SALES OF TRADING GOODS		
Opening Stock	12,550,904	-
Add : Purchases	4,042,473	26,248,974
Less: Closing Stock	695,811	12,550,904
TOTAL	15,897,565	13,698,070
SCHEDULE 'P' OTHER MANUFACTURING EXPENSES		
Electricity Charges	1,183,976	2,020,512
Export Freight & Clearing	493,636	1,102,488
Factory Expenses	402,557	536,868
Job Work & Labour Charges	5,048,171	14,501,104
Master & Mould Consumed	287,219	348,920
Packing Material	32,132	100,980
Stores, Spares & Consumable Consumed	2,185,239	5,524,218
Transport & Handling charges	44,463	217,869
Water Charges	131,674	205,773
TOTAL	9,809,066	24,558,731

SCHEDULES FORMING PART OF THE ACCOUNTS

	2008-2009 Rs.	2007-2008 Rs.
SCHEDULE 'Q' PERSONNEL COST		
Bonus	461,386	864,425
Contribution towards P.F, E.S.I.C. & L.W.F	331,033	1,143,752
Remuneration to Directors	2,625,703	3,444,705
Staff Welfare Expenses	283,960	742,077
Salary, Wages & Allowances	8,570,031	15,508,529
TOTAL	12,272,113	21,703,487
SCHEDULE 'R' ADMINISTRATIVE & OTHER EXPENSES		
Auditors Remmuneration	197,000	164,000
Annual General Meeting Expenses	10,294	11,352
Advertising & Publicity	62,292	476,839
Assests Discarded	359,927	-
Bank Charges	1,007,217	2,336,306
Buyers Credit Report Exp.	42,920	-
Bad Debts Written Off	2,617,274	4,934,350
Car Expenses	285,015	363,894
Conveyance Expenses	148,910	550,129
Custodian Charges	92,060	250,650
Computer Expenses	117,228	162,606
Donation	-	4,501
Discount Allowed	10,403	233,185
Directors Sitting Fees	-	5,000
Deferred Expenses Written Off	-	54,295
Goodwill w/off	-	25,000
Insurance Premium	1,736,375	3,187,854
Inspection Charges	5,785	4,171
Jewellery Testing Chrgs	-	4,425
Licening Charges	2,288	14,459
Legal & Professional Charges	1,161,477	1,732,716
Listing Fees	15,000	131,000
Loss on Foreign Exchange	15,209,057	-
Loss on Forward Contract	652,085	-
Loan & Advances Written Off	-	-
Membership & Subscription	125,270	180,313
Office General Expenses	98,482	287,783
Printing & Stationery	211,718	397,729
Postage & Telephone Expenses	422,159	624,187
Professional Tax on Companies	2,500	-
Loss on Subsidiary Companies	25,298	-
Repairs & Maintainance (Plant & Machinery)	706,194	260,779
Repairs & Maintainance (Others)	594,832	278,639
Rent, Rates & Taxes	885,165	656,797
Registration & Filling Fees	41,644	67,721
Sales Promotion Expenses	272,784	1,143,088
Stamp Duty	203,955	-
Software Purchase Charges	7,288	-
Security Charges	279,890	524,754
Travelling Expenses	266,409	1,471,066
Seminar & Conference Fees	-	32,916
Foreign Exchange Flactuation Reserve Account	-	16,184
TOTAL	27,876,194	20,588,688
SCHEDULE 'S' INTEREST & FINANCIAL EXPENSES		
Interest on Fixed Loans	60,793	82,458
Interest on Working Capital Loan	12,679,770	12,482,329
TOTAL	12,740,563	12,564,788

SCHEDULE "T" SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. PRINCIPLES OF CONSOLIDATION :

The consolidated financial statements related to Neogem India Limited (The Company) and its subsidiary Neogem (Aus) Pty. Ltd. the consolidated financial statements have been prepared on the following basis:

- The financial Statements of the company and its subsidiary company are combined on line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income & Expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard 21 on Consolidated Financial Statements as issued by the Institute of Chartered Accountants of India.
- In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All Assets & Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as the foreign currency translation reserve.

2. OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out under "Significant Accounting Policies" as given in the Standalone financial statements of Neogem India Limited

B. NOTES ON ACCOUNTS

- The consolidated financial statements present the consolidated accounts of Neogem India Limited with its following subsidiary

Name of Subsidiary	Country of Incorporation	Proportion of ownership interest	Financial Year ending
Neogem (Aus) Pty. Ltd.	Australia	100%	31st March, 2009

The accounts of the Subsidiary are unaudited and consolidation is based on certified statements provided by the management.

- Balances with Sundry Creditors, Debtors, Loans and Advances and Deposits are subject to confirmation & reconciliation.
- Debtors includes Rs. 51,30,836/- due from a Customer after deducting insurance claim & who has filed a voluntary petition under Chapter 11 of title 11 of the United States Code ("Bankruptcy Code" in the United State Bankruptcy Court. The Company has not made provision for this Debts since in the opinion of management insurance company has wrongly calculated claim.

4) WORKING OF EARNING PER SHARE

AFTER EXTRA ORDINARY ITEMS

Profit After Tax	(28,759,441)
Basic no of Equity Shares	6,315,000
Of Face Value Rs.10/- each	
EPS Basic Rs.	(4.55)
Diluted no of Equity Shares	7,880,000
Of Face Value Rs.10/- each	
EPS Diluted Rs.	(3.65)
Basic no of Equity Shares	

BEFORE EXTRA ORDINARY ITEMS

Profit After Tax	(28,734,143)
Basic no of Equity Shares	6,315,000
Of Face Value Rs.10/- each	
EPS Basic Rs.	(4.55)
Diluted no of Equity Shares	7,880,000
Of Face Value Rs.10/- each	
EPS Diluted Rs.	
Basic no of Equity Shares	(3.65)

5) PRIOR PERIOD ITEMS

Particulars	2008-09	2007-08
1 Income	1,535,186	302960
2 Expenses	(907,383)	(179,052)
	627,803	123,908
3 Excess Provision for tax - net of interest received / (short) provision for income tax including interest & TDS	(535,416)	(310,923)
Total	92,387	(187,015)

6) RELATED PARTY DESCLOSURES :

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

NAME OF RELATED PARTIES

Associates	Key Management Personnel	Relative of Key Managerial Personnel
Kanya Impex Pvt. Ltd.	Gaurav Doshi	Mahindra B. Doshi
Empress Jewelry Pvt. Ltd.	Ronak Doshi	Russel Kane
	Chrisilda Kane	

Sr. No.	Nature of Transaction	2008-09 (2007-08)		
		Associates	Key Management Personnel	Relative of Key Mgmt. Personnel
	Transactions during the year			
1	Receipt against Sale of Goods (Previous Year)	(4,189,826)	-	-
2	Remuneration (Previous Year)	-	2,625,703 (3,444,705)	-
3	Professional Fees (Previous Year)	-	-	450,000 (960,000)
	Balances at the year end:			
1	Unsecured Loans (Previous Year)	-	9,962,000 (4,912,000)	-

7) SEGMENT REPORTING

Since Company is dealing only in one type of Product hence Segment Reporting is not Applicable.

- During the year Company has issued 15,65,000 Preferential Share Warrants which will be converted into 15,65,000 Equity Shares of Rs.10 each at Par on or before 14th April, 2010.
- Fire occurred during the F.Y.2007-08 against which company has received Rs.2,77,500/- during the year & Rs.11,10,252/- after the end of the Financial Year as a Insurance Claim.



10) CONTINGENT LIABILITIES :

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

Income Tax demand disputed by the Company of Rs.13,16,059/-

Guarantee issued by bank for Trading Division (SEEPZ) Rs. NIL/- (Previous year Rs.5,00,000/-)

11) Administrative & Other expenses includes Rs. 25,298/- towards loss on subsidiary company.

12) During the year subsidiary company has closed down its business and the balances of Parent company & Subsidiary company have been transferred to P&L A/c of respective companies.

Signatures to Schedule ' A ' to ' T '

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date : 30th June, 2009

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

PARTICULARS	CURRENT YEAR AS AT 31/03/2009	PREVIOUS YEAR AS AT 31/03/2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before taxation and extra - ordinary items	(27,294,456)	9,258,815
Adjustment for		
Depreciation	1,879,744	2,150,337
Assets Discarded	359,927	-
(Profit) / loss on sale of investment	-	(70,000)
Interest Expenses	12,740,563	12,564,787
Deferred Revenue expenses w/off	-	54,295
Goodwill w/off	-	25,000
Prior Period Expenses	627,803	123,908
Insurance Claim Received	(2,062,854)	-
Interest Income	(1,410,212)	(1,656,585)
Dividend Income	-	-
	<u>12,134,971</u>	<u>13,191,742</u>
Operating Profit before working capital changes	(15,159,485)	22,450,557
Adjustment for Working Capital :		
(Increase) / Decrease in current asset :		
(Increase)/ Decrease in Debtors	19,883,714	396,605,283
(Increase)/ Decrease in Inventories	62,875,264	(63,346,431)
(Increase)/ Decrease in Loans & advances	6,872,400	(5,835,362)
	<u>89,631,379</u>	<u>327,423,490</u>
Increase/ (Decrease) in current liability :		
Increase/ (Decrease) in Creditors for goods	(31,919,951)	(364,541,267)
Increase/ (Decrease) in Creditors for expenses	(1,256,173)	(1,132,756)
Increase/ (Decrease) in other liabilities	3,139,602	1,078,333
	<u>(30,036,522)</u>	<u>(364,595,690)</u>
Cash generated from operations	44,435,372	(14,721,644)
Less : Income Tax & FBT paid	(455,826)	(4,496,943)
Insurance Claim Received	2,062,854	-
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>46,042,400</u>	<u>(19,218,587)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(989,079)	(3,307,417)
Interest Received	1,410,212	1,656,585
Purchase of Investment	-	-
Sale Proceeds on sale of Investment	-	90,000
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>421,133</u>	<u>(1,560,832)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest on borrowings	(12,740,563)	(12,564,788)
Proceeds from Borrowings	(65,199,674)	22,021,921
Proceeds from share capital & share warrants	1,565,000	6,426,000
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(76,375,237)</u>	<u>15,883,133</u>
NET CHANGES IN CASH & CASH EQUIVALENTS	<u>(29,911,704)</u>	<u>(4,896,285)</u>
CASH & CASH EQUIVALENTS OPENING BALANCE	<u>31,350,515</u>	<u>36,246,800</u>
CASH & CASH EQUIVALENTS CLOSING BALANCE	<u>1,438,811</u>	<u>31,350,515</u>

As per our report of even date

For S. H. BATHIYA & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

VINOD SHAH
Partner
Membership No. : 32348
Place : Mumbai
Date : 30th June, 2009

Gaurav Doshi
Chairman &
Managing Director

Ronak Doshi
Vice Chairman &
Whole Time Director

[illegible]

NEOGEM INDIA LIMITED**ATTENDANCE SLIP**

Regd. Office:

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

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

I/We hereby record my presence at the **EIGHTEENTH ANNUAL GENERAL MEETING** on Wednesday, the 30th September 2009, at 1.00 p.m. at Hotel Tunga Paradise, M.I.D.C. Central Road, Andheri (E), Mumbai - 400 093.

NAME OF THE SHAREHOLDER / PROXY

SIGNATURE OF THE SHAREHOLDER / PROXY

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

NEOGEM INDIA LIMITED**PROXY FORM**

Regd. Office:

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

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

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

as my/our Proxy to attend and vote for me/us and on my/our behalf at the **EIGHTEENTH ANNUAL GENERAL MEETING** on Wednesday, the 30th September 2009, at 1.00 p.m. Hotel Tunga Paradise , M.I.D.C. Central Road, Andheri (E), Mumbai - 400 093 and at any adjournment thereof.

Signed this day of, 2009.

Rs. 1.00
Revenue
Stamp

Signed by the said

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

Book Post

if undelivered please return to :

Neogem India Limited

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

Contact Person :

Mr. Sanjay Boradia

Tel. : 91-22-3088 2640.