

# NEOGEM [ I ] LTD.

*Always Innovative*



G-32, Gem & Jewellery Complex III, SEEPZ,  
Andheri (E), Mumbai - 400 096 -INDIA  
Tel.: (91-22) 2829 1123  
E-mail: mail@neogemindia.com  
Web: www.neogemindia.com  
CIN: L36911MH1991PLC063357

Date: September 06, 2019  
Ref: Stock Exchange 2019-20 / 22

To,  
The Deputy Manager  
Corporate Relations Department,  
**BSE Limited**  
P. J. Towers, Dalal Street,  
Mumbai - 400001

Fax No: 2272 1919

Dear Sir,

**Ref.: Scrip Code: 526195**

**Sub: Submission of the Annual Report for the F.Y. 2018-19 of the 29<sup>th</sup> Annual General Meeting**

Dear Sir/Madam,

Pursuant to the Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), please find enclosed herewith the Annual Report for the financial year 2018-2019 containing inter-alia the Notice convening the 28<sup>th</sup> Annual General Meeting (AGM) to be held on Monday, September 30, 2019, Board's Report with the relevant enclosures, audited financial statements, Management Discussion and Analysis, Auditor's Report, etc. for the financial year 2018-2019. All the resolutions as set out in the Notice of 28<sup>th</sup> AGM were duly approved by the Members of the Company with requisite majority.

The soft copy of the Annual Report shall be available on the Company web-site: [www.neogemindia.com](http://www.neogemindia.com).

Please take the same on your record and display the same on the website of your Stock Exchange.

Thanking you,

Yours faithfully,

**For Neogem India Limited**

A handwritten signature in blue ink, appearing to read 'Pratik Rajendra Koralwala', written over a light blue rectangular background.

**Pratik Rajendra Koralwala**

Company Secretary & Compliance Officer

**Membership No.:** A45594

**Address:** 903, Shapath Apt., Rangraag  
Residency, Jahangirpura, Variyav  
Road, Surat-395005, Gujarat.

Encl: As above



# **NEOGEM INDIA LIMITED**

*Always Innovative*

*Annual Report 2018-2019*



**BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Mr. Pratik Rajendra Koralwala

**STATUTORY AUDITORS**

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

**SECRETARIAL AUDITOR**

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

**REGISTERED OFFICE**

G/32, Gems and Jewellery Complex III,  
Seepz (SEZ), Andheri (East),  
Mumbai - 400 096  
Tel./Fax:(91-22) 28291123

**REGISTRAR & TRANSFER AGENT**

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

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**NOTICE**

**NOTICE** is hereby given that the Twenty-Eighth Annual General Meeting of the Members of **Neogem India Limited** will be held on Monday, 30th September 2019 at 10:00 a.m. at the Registered office of the Company at G/32, Gems and Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai - 400 096 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Financial Statement comprising of Balance Sheet as at 31st March 2019, Statement of Profit and Loss for the year ended on that date, Cash Flow Statement and the Notes together with the Board's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mr. Gaurav Doshi (DIN: 00166703) who retires by rotation and being eligible, offered himself for re-appointment.

**Special Business:**

3. To re-appoint Mrs. Renu Kathuria (DIN: 01669882), as an Independent Director for a second term of five consecutive years.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mrs. Renu Kathuria (DIN: 01669882), who was appointed as an Independent Director with effect from 2nd September, 2015 and who holds office up to 1st September 2020 and who is not disqualified to become a Director under the Companies Act, 2013 and who in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Independent Director and who has submitted a declaration that she meets the criteria for independence as provided under Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who is eligible for re-appointment and based on her evaluation of performance, the Nomination and Remuneration Committee has recommended her re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years commencing with effect from 2nd September, 2020 to 1st September 2025."

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

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

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

Date: 14th August, 2019  
Place: Mumbai

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

CIN: L36911MH1991PLC063357

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. The proxy, in order to be effective, must be duly completed, stamped and signed and should be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of the Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution / authority, as applicable. The Proxy-holder shall prove his identity at the time of attending the Meeting.

2. The Company's Registrar & Share Transfer Agents are M/s. Link Intime India Private Limited located at C-101,247 Park L B S Marg, Vikroli (West) Mumbai-400 083 Tel: 022 49186270 Fax: 022 49186060.
3. Route Map of the venue of the 28th AGM forms part of this notice.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 23rd September, 2019 to Monday, 30th September, 2019 (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 Financial Statement for the financial year ended 31st March 2019, so as to enable the Company to keep the information ready.
  - ii. Bring their copy of the Annual Report, Attendance slip and their photo identity proof at the Annual General Meeting.
  - iii. Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their address, where the shares are held in electronic form, such change is to be informed to the Depository Participant (DP) and not to the Company/R&TA.
  - iv. Quote Registered Folio no. or DP ID/Client ID no. in all their correspondence.
  - v. Send all correspondence relating to shares of the Company to the R&TA of the Company, **M/s. Link Intime India Private Limited** located at C-101,247 Park L B S Marg, Vikroli (West) Mumbai-400 083.
6. For the convenience of the Members, attendance slip is enclosed in the Annual Report. Members/Proxy Holders/ Authorized Representatives are requested to fill in and sign at the space provided therein and submit the same at the venue of the Meeting. Proxy/Authorized Representatives of Members should state on the attendance slip as 'Proxy' or 'Authorized Representative', as the case may be. Further, those who hold shares in demat form are requested to write their Client Id and DP Id and those who hold shares in physical forms are requested to write their folio number on the attendance slip for easy identification at the meeting.
7. In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of a listed company can only be transferred in dematerialised form with effect from April 1, 2019. In view of the above and to avail various benefits of dematerialisation, members are advised to dematerialise shares held by them in physical form.
8. Corporate Members intending to send their representatives to attend the Meeting are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
9. In case of joint holders, the vote of only such joint holder who is higher in the order of names, whether in person or proxy, shall be accepted to the exclusion of the votes of other joint holders.
10. As per the provisions of Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 facility for making nominations is available for shareholders in respect of the physical shares held by them. Form SH 13 for making nomination can be obtained from R&TA. The duly filled in nomination form shall be sent to R&TA at their above-mentioned address. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
11. The Securities and Exchange Board of India vide its circular dated April 20, 2018 has mandated the submission of the Permanent Account Number (PAN) and bank details by shareholders. The members holding shares in physical are requested to submit a copy of self attested PAN card of all the joint holders and original cancelled cheque leaf /attested bank passbook showing name of account holder i.e. the first holder of the shares held to **M/s. Link Intime India Private Limited**, Registrar and Share Transfer Agent of the Company. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

## **NEOGEM INDIA LIMITED**

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12. As required under the Secretarial Standard - 2 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['Listing Regulations'], the details in respect of the Director seeking re-appointment at the AGM, i.e. Mr. Gaurav Doshi (DIN: 00166703), inter alia, age, qualifications, experience, details of remuneration last drawn by such person, his relationship with other Directors and Key Managerial Personnel of the Company, the number of Meetings of the Board attended during the year and other Directorships, membership/chairmanship of the Committees of other Boards, etc. are annexed to the Notice. He has furnished the relevant consents, etc. for his re-appointment.
13. All the documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
14. Copies of the Annual Report will not be distributed at the Annual General Meeting. The Shareholders are, therefore, requested to kindly bring their copies at the time of attending the Meeting.
15. The Annual Report containing inter alia the Notice convening the 28th Annual General Meeting, the audited financial statement of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors, Management Discussion & Analysis, etc. is available on the Company's website at: [www.neogemindia.com](http://www.neogemindia.com).
16. In compliance with the provisions of Section 20 of the Companies Act, 2013, the Company sends its Annual Report to the Members whose email ids are available in electronic form. To support this initiative in full measure, Members who have not registered their email address with the Depository through their concerned Depository Participants (DPs) are requested to register the same with their DPs. Members who hold shares in physical form are requested to register their email address with M/s. Link Intime India Private Limited located at C-101,247 Park L B S Marg, Vikroli (West), Mumbai-400 083.
17. In case you desire to receive the same or any other documents in physical form or register or change your email address, you are requested to send an e-mail to [investors@neogemindia.com](mailto:investors@neogemindia.com).
18. Electronic copy of the 28th Annual Report 2018-19, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same.
19. In terms of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['the Listing Regulations'], the Company has made arrangement for its Members to exercise their right to vote at Annual General Meeting by electronic means.
20. The Members shall note that the facility for voting shall also be provided at the meeting through poll paper and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting. If the Members have already cast their vote by remote e-voting prior to the meeting they may attend the meeting but shall not be entitled to cast their vote again and his/her vote, if any, cast at the meeting shall be treated as invalid.
21. In case a person has become the Member of the Company after the dispatch of the AGM Notice but on or before the cut-off date i.e., he may write to R & TA on the email ID: [pranav.jade@linkintime.co.in](mailto:pranav.jade@linkintime.co.in) or contact Mr.Pranav Jade,C-101,247 Park L B S Marg, Vikroli (West), Mumbai-400 083Tel: 022 49186270 Fax: 022 49186060 requesting for the User ID and Password.
22. Procedure for E-Voting through electronic means:
  - i. The voting period begins on Friday, 27th September 2019 at IST 9.00 a.m. and ends on Sunday, 29th September 2019 at IST 5.00 p.m. During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rdSeptember 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - ii. The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - iii. Click on Shareholders/Members.
  - iv. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - v. Next enter the Image Verification as displayed and Click on Login.

- vi. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- vii. If you are a first time user follow the steps given below:

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

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN of Neogem India Limited to vote.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.



## **NEOGEM INDIA LIMITED**

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- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
23. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of Monday, 23rd September 2019.
24. Mrs. Pooja Jain, (FCS: 8160 and CP: 9136), Partner of VPP & Associates, Practicing Company Secretaries, Mumbai or failing her, Mr. Hemanshu Kapadia (FCS: 3477 and CP: 2285), Proprietor of M/s. Hemanshu Kapadia & Associates, Practicing Company Secretaries, Mumbai have been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
25. Voting shall be allowed at the end of discussion on all the resolutions mentioned in the notice of this meeting with the assistance of Scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
26. The Scrutinizer(s) shall immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, within a period not exceeding forty eight (48) hours from the conclusion of the meeting a Consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, forthwith to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
27. The Results declared along with the report of the Scrutinizer’s shall be placed on the website of the Company [www.neogemindia.com](http://www.neogemindia.com) and on the website of CDSL immediately after the declaration of result by the Chairman or by a person duly authorized. The results shall also be immediately forwarded to BSE Limited, where the equity shares of the Company are listed.
28. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the 28th AGM i.e. 30th September, 2019.
29. The Chairman or the authorised person shall declare the results of the voting forthwith and the results declared along with the report of the scrutinizer shall be placed on the website of the Company i.e. [www.neogemindia.com](http://www.neogemindia.com).
30. Kindly note that any Member who wishes to attend the Annual General Meeting, is required to contact Mr. Xavier Rodrigues, contact no. 9869073903 or email him your full name, folio number and contact number at [xavier@neogemindia.com](mailto:xavier@neogemindia.com) at least 2 days prior to the date of Annual General Meeting i.e. before 27th September, 2019 between 10 am to 5 pm for arranging the gate pass in their name.

**By Order of the Board of Directors**

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

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

Date: 14th August, 2019  
Place: Mumbai

**Registered Office:**  
G-32, Gems&JewelleryComplex III,  
Seepz (SEZ), Andheri (East), Mumbai- 400 096

CIN: L36911MH1991PLC063357

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

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

<b>Name</b>	<b>Mr. GauravDoshi</b>
Date of Birth	30/12/1976
Age	42 years
Nationality	Indian
Qualification	B.Com. from University of Mumbai
Nature of Expertise	He has a vast experience in Finance, Administration and Operations.
Date of 1st appointment on the Board of the Company	22/10/1999
Number of meetings of the Board attended during the year	6
Experience	22 Years
Name of other Public Companies in which holds Directorship	Nil
Name of other Companies in Committees of which holds Membership/ Chairmanship	Nil
Terms and conditions of the appointment	Liable to retire by rotation and offers himself for re-appointment.
Shareholding in Neogem India Limited	8,70,800
Relationship with Directors, Managers or other KMP	Related to Mr. RonakDoshi (DIN-00166703), Whole-time Director-cum-CFO of the Company.
Last Remuneration drawn	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item no. 1:**

Pursuant to the provisions of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from the member proposing the candidature of Mrs. Renu Kathuria (DIN 01669882) for the office of Independent Director of the Company. In terms of Sections 146, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, Mrs. Renu Kathuria, being eligible is proposed to be re-appointed as an Independent Director not liable to retire by rotation for a period of 5 years w.e.f. 2nd September 2020.

The Company has received the following documents from the proposed appointee:

- a. Letter of consent to act as a Director in Form DIR 2 under Section 152 of the Act and Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- b. Letters of Intimation in DIR 8 to the effect that she is not disqualified to become a Director under the Act.
- c. Declaration that she meets the criteria of independence as provided under Section 149 of the Act.

Ms. Renu Kathuria holds a Bachelor degree in science with honors in microbiology and has done advance diploma course in marketing and management. She has experience in varied industries like office automation, designer laminates, Jewellery, Stainless Steel Architectural products. She has handled various areas like presale, sales, marketing, accounting, finance, etc. and thus, Board is of the view that it shall be beneficial to the Company to avail her services.

Accordingly, the Board commends the Special Resolution at Item no. 3 for members approval.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution

**By Order of the Board of Directors**

**Gaurav Doshi**  
**Chairman & Managing Director**  
**DIN-00166703**  
G-32, Gems & Jewellery Complex III,  
Seepz (SEZ), Andheri (E), Mumbai-400096

Date: 14th August 2019  
Place: Mumbai

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

## BOARD'S REPORT

To,  
The Members,  
Neogem India Limited

The Directors presents the Twenty-Eighth Annual Report of the Company and the Audited Statements of Accounts for the financial year ended 31st March, 2019.

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

The financial highlights of the Company, for the year ended March 31, 2019 is summarized below:

(Rs.)

Sr. No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
1.1	Revenue from Operations	19,61,040	5,76,72,965
1.2	Other Income	12433	72,51,923
1.3	Total Expenditure	37,11,705	8,22,71,268
<b>1.4</b>	<b>Profit for the year before tax</b>	<b>-17,38,232</b>	<b>-1,73,46,380</b>
1.5	Less: Current Tax	0	0
	Deferred Tax	23,253	1,87,149
<b>1.6</b>	<b>Profit After Tax &amp; before Other comprehensive income (OCI)</b>	<b>-17,14,979</b>	<b>-1,71,59,232</b>
1.7	Other comprehensive income	0	0
1.8	Other comprehensive income for the year, net of tax	0	0
1.9	Profit after Tax (PAT) & after OCI	-17,14,979	-1,71,59,232

During the year under review, the Company has stopped its production activities. The Sales of Rs.19,61,040/-in current year pertains to previous year's stock. Due to stoppage of production, the expenditure has reduced leading to reduction in loss. The Company has suffered a loss of Rs. 17,14,979/-compared to loss suffered in the previous year of Rs.1,73,46,380/-.

Further due to financial crunch, the Company could not repay the working capital loan (secured) to Punjab National Bank and Bank of India, accordingly, the accounts of the Company has been classified as non-performing assets by the respective banks with effect from 31-03-2016. Pending confirmation received of the amount payable to Banks, the Company has not provided for interest payable in the financial statement till 31-03-2019, since the same is not quantifiable and accordingly, the loss for the year is understated to that extent.

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

### 2. **Dividend:**

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended 2018-19.

### 3. **Reserves:**

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

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

The Company has currently stopped its production of Jewellery. Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in Jewellery. The Company is putting in efforts to revive the business.

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

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

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

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

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

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

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

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

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

**9. Auditors Report:**

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

**10. Statutory Auditors:**

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

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

Further, there was no fraud in the Company, which was required to report by statutory auditors of the Company under sub-section (12) of section 143 of Companies Act, 2013.

**12. Management Discussion And Analysis:**

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

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

Pursuant to Section 92(2) and 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return is placed on website of the Company, at the following <http://www.neogemindia.com/pdf/Extract-of-Annual-Report-MGT-9-Neogem-2018-19.pdf> and which shall be treated as part of this Report.

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

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

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

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

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

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

**iii. The capital investment on energy conservation equipments:**

N.A.

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

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

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

Utilisation of indigenous raw material has led to cost reduction.

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

No technology has been imported by the Company.

**iv. The expenditure incurred on Research and Development: Nil****C. Foreign exchange Earnings and Outgo:**

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

(Rs. in Lacs)

Particulars	2018-19	2017-18
Foreign exchange earned on F.O.B. basis	-	484,826,95
Foreign exchange outgo	-	370,653,03

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

In accordance with the provisions of the Companies Act, 2013 read with the applicable rules thereto, including any statutory modification(s) or re-enactment thereof for the time being in force ('the Act'), Mr. Gaurav Doshi (DIN: 00166703), who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for appointment.

Brief resume of the director proposed to be re-appointed and relevant information including nature of his expertise in specific functional areas, qualifications, terms of appointment, details of remuneration, names of the Companies in which he holds directorship and the memberships/chairmanships of Committees of the Board, his shareholding in the Company, etc., as stipulated under the Listing Regulations and Secretarial Standards have been furnished separately in the Notice convening this AGM.

Further, to fill up the vacancy, of Whole-time Company Secretary as required pursuant to Section 203 of the Companies Act, 2013 along with Regulation 6 of SEBI (LODR) Regulations, Mr. Pratik Rajendra Koralwala(ACS No. A45594), was appointed as the Company Secretary & Compliance Officer of the Company w.e.f. 18th December, 2018.

The Registrar of Companies (ROC), Mumbai published on 11th September, 2017 the list of Disqualified Directors of Defaulting Companies consisting name of Directors who stand Disqualified, u/s 164(2) of Companies Act, 2013 for a period of five years from 1st November 2016 to 31st October 2021 for not filing of Financial Statements or Annual Returns for a continuous period of three financial years.

Mr. Jayant Bhikaji Nagarkar (DIN No. 00131405), Independent Director of the Company was also named in the said list for non-filing in another Company. Thus, he stands disqualified and his office of Independent Director was vacated.

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

The Company has received the declarations u/s 149(7) of the Act from the Independent Director, Mrs. Renu Kathuria (DIN: 01669882) of the Company confirming that she meets the criteria of Independence as prescribed both under the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ['Listing Regulations']. The Company has also received Disclosure of Interest by Director as per the provisions of Section 184 of Companies Act, 2013 and that she is not disqualified to act as a Director under the Act; and in the opinion of the Board of Directors, the Independent Director fulfill the criteria of independence as provided under the Act, rules made thereunder, read with the Listing Regulations and that she is independent of the management.

**C. Board Evaluation:**

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

**D. Directors:**

**i. Independent Director:**

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

**ii. Non-Independent Directors:**

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

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

Pursuant to Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company carries out Familiarization Programme for the Independent Directors on their role, rights, responsibilities in the Company, the nature of the industry in which the Company operates and business model of the company in addition to regular presentation on technical operations, marketing and exports and financial statements. In addition to the above, Directors are periodically advised about the changes effected in the Corporate Law, Listing Regulations with regard to their roles, rights and responsibilities as Directors of the Company

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

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

**A. i. Audit Committee:**

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

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

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

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

**B. Nomination and Remuneration Committee:**

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

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

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

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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. Hemanshu Kapadia & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company for FY 2018 - 19. The Report of the Secretarial Auditor is annexed herewith as **Annexure 2**. The management's replies to the observations of the Secretarial Auditors are as under:

Sr. no.	Auditor's Observations	Reply of Management
1.	The Company has not appointed Internal Auditor	Though the Company has not formally appointed Internal Auditor, in accordance with the size of the Company, the Company has proper internal control systems & procedures in place.
2.	The composition of Audit and Nomination and Remuneration Committee is not as per the Companies Act, 2013	Due to disqualification of one Independent Director, the composition of the committees is not complied. However, the Company is in process of appointing two Non-Executive/Independent Directors.



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

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

Sr. No.	Type of Meeting	Date
1.	Board Meeting	May 30, 2018
2.	Board Meeting	August 13, 2018
3.	Board Meeting	September 1, 2018
4.	Board Meeting	November 14, 2018
5.	Board Meeting	December 18, 2018
6.	Board Meeting	February 12, 2019

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

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

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

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

**21. Deposits:**

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

However, as disclosed in Note No. 21(b) forming part of Balance Sheet, the company is having outstanding balance of unsecured loan of Rs. 22,31,320/- as on 31.03.2019 from Directors of the Company for which proper declaration has been furnished by them as required under Rule 2(viii) of the Companies (Acceptance of Deposits) Rules, 2014 during the period under review.

**22. Voting Rights of Employees:**

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

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

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

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

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

**25. Directors' Responsibility Statement:**

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

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company & that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**26. Managerial Remuneration:**

- A. Details of the remuneration of each director to the median remuneration of the employees of the Company and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable as the Company does not have any employees on its payroll as at 31st March 2019 and none of the Directors or Key Managerial Personnel has drawn any remuneration during the financial year 2018-19 except remuneration of Company Secretary whose details Forms part of MGT-9.
- B. Details of the top ten employees in terms of remuneration drawn falling within the preview of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable as the Company did not have any employee on its payroll.

**27. Report on Corporate Governance:**

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

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

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

**29. Risk Assessment and Management:**

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

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

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

**31. Secretarial Standards:**

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

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

As at 31st March 2019, there is only one employee on the payroll of the Company and thus, the Company was not required to constitute Internal Complaints Committee under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

**33. Cost Audit:**

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

**34. Other Disclosures/Reporting:**

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

- a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- b) Names of the Companies who have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year.

**35. Acknowledgements:**

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

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

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

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

Date: 14th August, 2019.

Place: Mumbai

**Registered Office:**

G-32, Gems&JewelleryComplex III,  
Seepz (SEZ), Andheri (E), Mumbai-400 096  
CIN: L36911MH1991PLC063357

## ANNEXURE 1

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Introduction

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 7 per cent of the country's GDP and 15 per cent to India's total merchandise exports. It also employs over 4.64 million workers and is expected to employ 8.23 million by 2022. One of the fastest growing sectors, it is extremely export oriented and labour intensive.

Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. Moreover, India exports 75 per cent of the world's polished diamonds, as per statistics from the Gems and Jewellery Export promotion Council (GJEPC). India's Gems and Jewellery sector has been contributing in a big way to the country's foreign exchange earnings (FEEs). The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

#### Market size

Gold demand in India rose to 760.40 tonnes between January to December 2018. India's gems and jewellery exports stood at US\$ 4.99 billion between Apr 2019 –May 2019. During the same period, exports of cut and polished diamonds stood at US\$ 3.52 billion, thereby contributing about 76.96 per cent of the total gems and jewellery exports in value terms. Exports of gold coins and medallions stood at US\$ 686.51 million and silver jewellery exports stood at US\$ 765.98 million between April 2018 - March 2019.

The gems and jewellery market in India is home to more than 300,000 players, with the majority being small players. Its market size is about US\$ 75 billion as of 2017 and is expected to reach US\$ 100 billion by 2025. It contributes 29 per cent to the global jewellery consumption.

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. The Goods and Services Tax (GST) and monsoon will steer India's gold demand going forward.

#### Investments/Developments

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

The cumulative Foreign Direct Investment (FDI) inflows in diamond and gold ornaments in the period April 2000 – March 2019 were US\$ 1.16 billion, according to Department for Promotion of Industry and Internal Trade (DPIIT).

Some of the key investments in this industry are listed below.

- Deals worth Rs 8,000 crore (US\$ 1.19 billion) were made at the Indian International Jewellery Show held in August 2018.
- Companies such as PC Jewellers, PNG Jewellers, Popley and Sons, are planning to introduce a virtual-reality (VR) experience for their customers. The customer will have to wear a VR headset, through which they can select any jewellery, see the jewellery from different angles and zoom on it to view intricate designs.

#### Government Initiatives

- The Bureau of Indian Standards (BIS) has revised the standard on gold hallmarking in India from January 2018. The gold jewellery hallmark will now carry a BIS mark, purity in carat and fitness as well as the unit's identification and the jeweller's identification mark. The move is aimed at ensuring a quality check on gold jewellery.
- The Gems and Jewellery Export Promotion Council (GJEPC) signed a Memorandum of Understanding (MoU) with Maharashtra Industrial Development Corporation (MIDC) to build India's largest jewellery park in at Ghansoli in Navi-Mumbai on a 25 acres land with about more than 5000 jewellery units of various sizes ranging from 500-10,000 square feet. The overall investment of Rs 13,500 crore (US\$ 2.09 billion).

## **NEOGEM INDIA LIMITED**

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- Gold Monetisation Scheme enables individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.

### **KEY ISSUES FACING THE PLAYERS**

#### **Large Presence of Unorganised Sector**

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

#### **Possible Long-term threat from China**

Although India currently enjoys dominance in the world's cut and polished diamonds market, China may emerge as a viable rival, if not in the near term, certainly in the longer term. An increasing number of diamond processors from Israel and Belgium, and even India, are setting up facilities in China, for a variety of reasons:

- (a) the labour force, like in India, is cheap and disciplined;
- (b) high economic growth over the past decade has resulted in a significant increase in potential consumers in the high-income segment within the country; by comparison, India has to rely almost solely on exports;
- (c) quality of Chinese workmanship is steadily improving.

#### **Threat from Polishing in Producing Nations**

Over the last few years, there has been increased political pressure by major diamond producing countries in Africa-Botswana, Angola, Namibia and South Africa-to gain further economic benefits from diamond production through job creation in a domestic cutting and polishing industry. Most of these countries have no history of diamond polishing but the skills can be taught as has been seen by the recent rapid growth of jobs in other non-traditional centres. The pressure towards polishing in the producing countries is growing and increasingly it is a part of the overall agreement permitting mining, or of not imposing high taxes.

The Indian diamond industry has thrived because for economic reasons, most smaller stones cannot be profitably cut in higher cost locations. However, with larger (and higher-value) stones, the cost disadvantage is not a significantly material component of the finished value of the stone, and higher cost polishing can be economically feasible.

#### **Following are the further Threats, Risks & Concerns:**

- Depreciating value of Rupee having a direct impact on the prices of diamond since it imports cut and polished diamonds.
- Penetration of large corporates jewellery traders cutting down margins.
- Macro-economic factors such as enactment of new laws such as GST, demonetisation and global demand recession affects the industry growth in general.
- Adopting protectionist approach by some developed countries like USA and trade war situation between China and USA may injure Indian jewellery and gems export.

#### **Road Ahead**

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Online sales are expected to account for 1-2 per cent of the fine jewellery segment by 2021-22. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and likely stabilisation of gold prices at lower levels is expected to drive volume growth for jewellers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

#### **Following are the further Opportunities:**

- Scaling of economy resultant out of Brand/Advertisement & Publicity/Procurement of Gold, Product Mix, designs, etc.
- Growing domestic demand
- Concentrating in one sector makes the Company mature in the industry and gain efficiency in operations.

- Depreciation in rupee against other currencies will make the export more competitive and company may record better cash inflows.

**Operations:**

Due to emerging rivals in the international market, weakness in the rupee led to stagnancy in the export which adversely impacted the financial performance of the company. As the Company's accounts with its banks are in non-performing assets since 2015 leading to stoppage of Company's operations. Consequently, the Company's Sales decreased from Rs. 5,76,72,965/- in previous year to Rs. 19,61,040/- in current year which relates to last year's stock. The Management of the Company has been putting in its best efforts to revive its business operations and mitigate the losses and is hopeful for better results in the coming years.

**Internal Controls & their adequacy:**

The Company has in place adequate system of internal control. It has documented procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations and for ensuring reliability of financial reporting. The Company has continued its efforts to align all its processes and controls with global best practices in these areas as well.

**Human Resources & Industrial Relations:**

The Company's Human Resources philosophy is to establish and build a strong performance and competency driven culture with greater sense of accountability and responsibility. The Company has taken pragmatic steps for strengthening organizational competency through involvement and development of employees as well as installing effective systems for improving the productivity, equality and accountability at functional levels.

The industrial relations scenario remained unchanged throughout the year.

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

**Gaurav Doshi**

Chairman & Managing Director

DIN-00166703

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

Date: 14th August, 2019

Place: Mumbai

**Registered Office:**

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

CIN: L36911MH1991PLC063357

**ANNEXURE 2**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the Financial year ended 31st March 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule  
No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,**  
**The Members,**  
**Neogem India Limited**  
G-32, Gems&JewelleryComplex III,  
Seepz (SEZ), Andheri (East), Mumbai-400 096  
CIN: L36911MH1991PLC063357

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Neogem India Limited("the Company") for the financial year ended on 31st March 2019,according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period as there were no Foreign Direct Investments, Overseas Direct Investments in the Company and no External Commercial Borrowings were made by the Company);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014;(Not Applicable to the Company during the Audit period as the Company has not issued any ESOP/ESPS);
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not Applicable to the Company during the Audit period as the Company has not issued any Debt instruments/ Securities);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not Applicable to the Company during the Audit period as delisting of securities did not take place); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not Applicable to the Company during the Audit period as the Company has not Bought back its securities);

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

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

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

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR")

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

1. The Company has not appointed Internal Auditor as required under Section 138 of the Companies Act, 2013.
2. The composition of Audit and Nomination and Remuneration Committee is not as per the Companies Act, 2013.

We further report that the Board of Directors of the Company is constituted with balance of Executive Directors, Non-Executive Directors and Independent Directors except the composition of Audit and Nomination and Remuneration Committee. There were no changes in the composition of the Board of Directors during the period under review.

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

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

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

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

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

**For Hemanshu Kapadia & Associates**

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

Date:14th August, 2019.

Place: Mumbai

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



**Annexure to Secretarial Audit Report**

To,  
**The Members,**  
**Neogem India Limited**  
G-32, Gems&JewelleryComplex III,  
Seepz (SEZ), Andheri (East), Mumbai-400 096  
CIN: L36911MH1991PLC063357

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

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

**For HemanshuKapadia& Associates**

Date: 14th August, 2019  
Place: Mumbai

**HemanshuKapadia**  
Proprietor  
C. P. No. 2285  
Membership No. 3477

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF NEOGEM INDIA LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of M/s **Neogem India Limited** ("the company"), which comprise the Balance Sheet as at 31st March 2019 and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Opinion

Without qualifying our opinion, we draw attention to note 24 of the financial statement relating to cash credit limit from Punjab National Bank and Bank of India for Rs. 10 crore and 5 crore respectively, which has been classified as "Non – Performing Assets" by the lead banker as on 31-03-2016. The company has not received balance confirmation from the bankers as on 31-03-2019. Pending confirmation received the company has not provided for interest payable in the financial statement till 31-03-2019, since the same is not quantifiable and accordingly the loss for the year is understated to that extent.

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

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

We refer to the outstanding creditor's payable as reflected in current liabilities of Rs. 15,71,16,849/- which are outstanding for more than three years. The amount outstanding are unconfirmed by the parties.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2019, and its Loss and its Cash Flow for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Nil

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, profit or loss, cash flow and changes in equity and of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

## **NEOGEM INDIA LIMITED**

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This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

### **Other Matters**

Nil

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

1. As required of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

In our opinion there are no observations or comments on the financial transactions, which may have an adverse effect on the functioning of the Company subject to note no. 23.

- e) On the basis of written representations received from the directors as on 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

In our opinion and to the best of our information and according to the explanations given to us, we report as such no

other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

- f) With respect of adequacy of the internal financial control over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014: in our opinion and to the best of our information and according to the explanations given to us.
  - i) The Company does not have any pending litigations which would impact its financial position.
  - ii) The Company did not have any Long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii) There is no amount required to be transferred, to the Investor Education and Protection Fund by the company.

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

**Dharmendra S Solanki**  
Partner (M.No. F 115223)

Place : Mumbai  
Date : 30/05/2019

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

The annexure referred to in our Independent Auditor's Report to the member for the year ended march 31st, March 2019.

- 1) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b. The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
  - c. The title deeds of immovable properties are held in the name of the company.
- 2) The physical verification of inventory have been conducted at reasonable intervals by management during the year. The discrepancies noticed on physical verification of inventory as compared to books records were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013; In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance

## **NEOGEN INDIA LIMITED**

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of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) a. According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.  
b. According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) Based on our audit procedure and according to the information and explanations given to us by the management, the Company has defaulted in the repayment of dues to banks. We draw attention to note 24 of the financial statement relating to cash credit limit from Punjab National Bank and Bank of India for Rs. 10 crore and 5 crore respectively, which has been classified as "Non – Performing Assets" by the lead banker as on 31-03-2016. The company has not received balance confirmation from the bankers as on 31-03-2019. Pending confirmation received the company has not provided for interest payable in the financial statement till 31-03-2019, since the same is not quantifiable and accordingly the loss for the year is understated to that extent.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made preferential allotment of shares during the year under review and the requirement of Section 42 of the Companies Act, 2013 are not applicable to the company..
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

**Dharmendra S Solanki**  
Partner (M.No. F 115223)

Place : Mumbai  
Date : 30/05/2019

## ANNEXURE B TO THE AUDITOR'S REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s **NEOGEM INDIA LIMITED** (the company) as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conduct our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") and Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of internal financial controls over financial reporting,

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

#### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by Institute of Chartered Accountants of India.

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

**Dharmendra S Solanki**  
Partner (M.No. F 115223)

Place : Mumbai  
Date : 30/05/2019

**NEOGEM INDIA LIMITED**

**Balance Sheet as at 31st March 2019**

	Notes	31 March 2019	31 March 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3	2,899,571	2,899,571
Financial Assets	4		
i. Investment	4(d)	-	-
Other Non Current Assets	5	2,438,422	2,442,062
<b>Total non-current assets</b>		<b>5,337,993</b>	<b>5,341,633</b>
<b>Current assets</b>			
Financial Assets	4		
i. Trade Receivables	4(a)	411,067,159	411,067,159
ii. Cash and Cash Equivalents	4(b)	1,682,063	1,653,906
iii. Inventories	4(c)	1,266,916	1,762,329
Other Current Assets	5	688,526	309,978
<b>Total Current Assets</b>		<b>414,704,665</b>	<b>414,793,373</b>
<b>Total Assets</b>		<b>420,042,658</b>	<b>420,135,006</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	6	81,720,000	81,720,000
Other Equity	6(a)		
Reserves and Surplus	6(b)	(7,868,978)	(6,153,998)
<b>Total Equity</b>		<b>73,851,022</b>	<b>75,566,002</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities		-	23,253
Other Non-Current Liabilities	8	558,091	558,091
<b>Total Non-Current Liabilities</b>		<b>558,091</b>	<b>581,344</b>
<b>Current Liabilities</b>			
Financial Liabilities	7		
i. Borrowings	7(a)	179,275,760	179,275,760
ii. Trade Payables	7(b)	160,698,514	160,663,527
iii. Other Financial Liabilities	7(c)	5,641,029	4,008,421
Other Current Liabilities	8	18,242	39,952
<b>Total Current Liabilities</b>		<b>345,633,545</b>	<b>343,987,660</b>
<b>Total Liabilities</b>		<b>346,191,636</b>	<b>344,569,004</b>
<b>Total Equities and Liabilities</b>		<b>420,042,658</b>	<b>420,135,006</b>

The above Balance Sheet should be read in conjunction with the accompanying notes. The Notes referred above form an integral part of the Balance Sheet.

Auditors' Report

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor

Membership No. : 115223

Place: Mumbai

Dated: 30th May, 2019

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

**Gaurav Doshi**

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director

## Profit and Loss Statement for the year ended 31st March 2019

	Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
<b>Revenue from Operations</b>	<b>9</b>	1,961,040	57,672,965
Other Income	<b>10</b>	12,433	7,251,923
<b>Total Income</b>		<b>1,973,473</b>	<b>64,924,888</b>
<b>Expenses</b>			
Cost of Materials Consumed	<b>11</b>	495,413	38,580,346
Purchase of Stock in Trade		-	-
Changes in Inventories of Finished Goods, Stock in Process	<b>12</b>	-	1,306,072
Employee Benefit Expenses	<b>13</b>	6,797	6,945,006
Depreciation and Amortisation Expense	<b>14</b>	-	743,406
Other expenses	<b>15</b>	3,199,467	34,458,755
Finance costs	<b>16</b>	10,028	237,683
<b>Total expenses</b>		<b>3,711,705</b>	<b>82,271,268</b>
<b>Profit before exceptional items and tax</b>		<b>(1,738,233)</b>	<b>(17,346,380)</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>(1,738,233)</b>	<b>(17,346,380)</b>
Income tax expense			
-Current tax		-	-
-Deferred tax		23,253	187,149
<b>Total tax expense</b>		<b>23,253</b>	<b>187,149</b>
<b>Profit for the year</b>		<b>(1,714,980)</b>	<b>(17,159,232)</b>
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>(1,714,980)</b>	<b>(17,159,232)</b>
Earnings per equity share for profit from continuing operation attributable to owners of company			
Basic earnings per share (in INR)		<b>(0.21)</b>	<b>(2.10)</b>
Diluted earnings per share (In INR)		<b>(0.21)</b>	<b>(2.10)</b>

The above Balance Sheet should be read in conjunction with the accompanying notes. The Notes referred above form an integral part of the Balance Sheet.

Auditors' Report

As per our Report of even date attached

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

Chartered Accountants

Firm Registration No. 124118W

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

**Dharmendra Solanki**

Proprietor

Membership No. : 115223

Place: Mumbai

Dated: 30th May, 2019

**Gaurav Doshi**

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director



**NEOGEM INDIA LIMITED**

**Cash flow statement**

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A Cash Flow from operating activities</b>		
<b>Profit before income tax including discontinued operations</b>	(1,738,233)	(17,346,380)
Adjustments for		
<b>Add:</b>		
Depreciation and amortisation expenses	-	743,406
Finance costs	10,028	237,683
	<b>(1,728,205)</b>	<b>(16,365,291)</b>
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade receivables	-	35,042,992
(Increase)/decrease in other financial assets	495,413	4,781,839
(Increase)/decrease in other current assets	(374,909)	5,120,190
Increase/(decrease) in trade payables	34,987	(31,313,254)
Increase/(decrease) in other financial liabilities	1,610,898	535,052
<b>Cash generated from operations</b>	<b>38,184</b>	<b>(2,198,473)</b>
Income taxes paid	-	-
<b>Net cash inflow from operating activities</b>	<b>38,184</b>	<b>(2,198,473)</b>
<b>B Cash flow from investing activities:</b>		
Purchase of Fixed Assets	-	(155,000)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(155,000)</b>
<b>C Cash flow from financing activities</b>		
Interest on Borrowings	(10,028)	(237,683)
Proceeds from Borrowings	-	433,713
<b>Net cash inflow (outflow) from financing activities</b>	<b>(10,028)</b>	<b>196,030</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>28,156</b>	<b>(2,157,443)</b>
Add: Cash and cash equivalents at the beginning of the financial year	1,653,906	3,811,348
<b>Cash and cash equivalents at the end of the year</b>	<b>1,682,063</b>	<b>1,653,906</b>
Non Cash Financing and investing activities - Acquisition of property, plant and equipment by means of finance lease-		
<b>Reconciliation of Cash Flow statements as per the cash flow statement</b>		
Cash Flow statement as per above comprises of the following	<b>31 March 2019</b>	<b>31 March 2018</b>
Cash and cash equivalents	1,682,063	1,653,906
<b>Balances as per statement of cash flows</b>	<b>1,682,063</b>	<b>1,653,906</b>

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

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

Chartered Accountants

Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor

Membership No. : 115223

Place: Mumbai

Dated: 30th May, 2019

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

**Gaurav Doshi**

Chairman &  
Managing Director

**Ronak Doshi**

Vice Chairman &  
Whole Time Director

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

	No of Equity Share	Amount
<b>As at 31 March 2018</b>	8,172,000	81,720,000
Changes in equity share capital	-	-
<b>As at 31 March 2019</b>	<b>8,172,000</b>	<b>81,720,000</b>

**(B) Preference share capital**

	No of Equity Share	Amount
<b>As at 31 March 2018</b>	-	-
Changes in equity share capital	-	-
<b>As at 31 March 2019</b>	-	-

**(C) Other equity**

	Reserves and Surplus	
	Securities premium reserve	Retained earnings
<b>Balance as at 1st April 2018</b>	(15,725,998)	1,433,234
Addition during the year	-	-
Profit for the period	(1,714,980)	(17,159,232)
Other Comprehensive Income	-	-
<b>Total comprehensive income for the years</b>	<b>(17,440,978)</b>	<b>(15,725,998)</b>
Dividend paid	-	-
<b>Balance as at 30 June 2018</b>	<b>(17,440,978)</b>	<b>(15,725,998)</b>

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

As per our Report of even date attached

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

Chartered Accountants  
Firm Registration No. 124118W

**Dharmendra Solanki**

Proprietor  
Membership No. : 115223

Place: Mumbai  
Dated: 30th May, 2019

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

**Gaurav Doshi**  
Chairman &  
Managing Director

**Ronak Doshi**  
Vice Chairman &  
Whole Time Director

**Notes to financial statements for the year ended March 31, 2019**

**Note 2**

**1. Overview of the Company**

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

**2. Significant Accounting Policies:**

**Basis of preparation**

**a. Compliance with Ind AS**

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

**b. Historical cost convention**

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

Investments and other financial assets:

*Classification*

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

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

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

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

*Measurement*

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

*Equity instruments*

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

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

*Impairment of financial assets*

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

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

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

A financial asset is derecognised only when

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

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

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

#### **Interest Income**

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

#### **Trade receivables**

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

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

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

### **7 Revenue Recognition:**

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

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

#### **Recognizing revenue from major business activities**

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

#### **Income from Services**

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

#### **Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations

in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

### **Earnings per share**

#### *Basic earnings per share*

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

#### *Diluted earnings per share*

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

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

### **Borrowings**

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

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

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

**Borrowing costs**

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

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

**Segment reporting**

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

**Property, plant and equipment**

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

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

**Depreciation / Amortization**

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

**Transition to Ind AS**

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

**Trade and other payables:**

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

**Rounding of amounts**

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

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

**Dharmendra S Solanki**  
Partner (M.No. F 115223)

Place: Mumbai  
Date:30th May, 2019

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

<b>Gaurav Doshi</b> Chairman & Mumbai Managing Director	<b>Ronak Doshi</b> Vice Chairman & Whole Time Director
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## Notes to financial statements

## Note 3: Property, plant and equipment

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

	Freehold Land	Plant and machinery	Electrical Fittings	Interior Works	Utilities	Furniture & Fixtures	Factory Equipments	Office Equipments	Air Conditioners	Computers	Bikes	Total
<b>Year ended 31 March 2018</b>												
<b>Opening gross carrying amount</b>	440,029	13,938,947	941,409	5,860,075	273,030	3,080,226	87,871	786,363	1,313,976	2,090,083	41,894	<b>28,853,903</b>
Opening gross carrying amount	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	155,000	-	-	-	-	-	-	-	-	-	155,000
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>440,029</b>	<b>14,093,947</b>	<b>941,409</b>	<b>5,860,075</b>	<b>273,030</b>	<b>3,080,226</b>	<b>87,871</b>	<b>786,363</b>	<b>1,313,976</b>	<b>2,090,083</b>	<b>41,894</b>	<b>29,008,903</b>
Accumulated depreciation and impairment												
Opening accumulated depreciation	-	11,143,581	860,051	5,855,242	273,030	3,055,717	45,109	698,535	1,313,976	2,081,635	39,049	<b>25,365,926</b>
Depreciation charge during the year	-	673,418	52,800	4,833	-	2,358	7,255	1,992	-	-	750	<b>743,406</b>
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment	-	11,816,999	912,851	5,860,075	273,030	3,058,075	52,364	700,527	1,313,976	2,081,635	39,799	26,109,332
<b>Net carrying amount</b>	<b>440,029</b>	<b>2,276,948</b>	<b>28,558</b>	-	-	<b>22,151</b>	<b>35,507</b>	<b>85,836</b>	-	<b>8,448</b>	<b>2,095</b>	<b>2,899,572</b>
<b>Quarter Ended 31 March, 2019</b>												
Opening gross carrying amount	440,029	14,093,947	941,409	5,860,075	273,030	3,080,226	87,871	786,363	1,313,976	2,090,083	41,894	<b>29,008,903</b>
Opening gross carrying amount	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Closing gross carrying amount</b>	<b>440,029</b>	<b>14,093,947</b>	<b>941,409</b>	<b>5,860,075</b>	<b>273,030</b>	<b>3,080,226</b>	<b>87,871</b>	<b>786,363</b>	<b>1,313,976</b>	<b>2,090,083</b>	<b>41,894</b>	<b>29,008,903</b>
Accumulated depreciation and impairment												
Opening accumulated depreciation	-	11,816,999	912,851	5,860,075	273,030	3,058,075	52,364	700,527	1,313,976	2,081,635	39,799	26,109,332
Depreciation charge during the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment	-	11,816,999	912,851	5,860,075	273,030	3,058,075	52,364	700,527	1,313,976	2,081,635	39,799	26,109,332
<b>Net carrying amount</b>	<b>440,029</b>	<b>2,276,948</b>	<b>28,558</b>	-	-	<b>22,151</b>	<b>35,507</b>	<b>85,836</b>	-	<b>8,448</b>	<b>2,095</b>	<b>2,899,571</b>

## NOTES:

\* The lease term in respect of leasehold land is 99 years.

Contractual obligations : Refer to note no. 22 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

## Notes to financial statements

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

## Note 4: Financial assets

## Note 4(a) Trade receivables

	31 March 2019	31 March 2018
Trade receivables	411,067,159	411,067,159
Less: Allowance for doubtful debts	-	-
<b>Total receivables</b>	<b>411,067,159</b>	<b>411,067,159</b>
<b>Breakup of securities details</b>		
	31 March 2019	31 March 2018
Secured, considered good	-	-
Unsecured, considered good	411,067,159	411,067,159
Doubtful	-	-
<b>Total</b>	<b>411,067,159</b>	<b>411,067,159</b>
Less: Allowance for doubtful debts	-	-
<b>Total trade receivables</b>	<b>411,067,159</b>	<b>411,067,159</b>

## 4(b) Cash and cash equivalents

	31 March 2019	31 March 2018
Balances with banks	1,668,243	1,639,576
- in current accounts		
Cash on hand	13,820	14,330
<b>Total cash and cash equivalents</b>	<b>1,682,063</b>	<b>1,653,906</b>

## Note 4(c) Inventories

	31 March 2019		31 March 2018	
	Current	Non-Current	Current	Non-current
Inventories	-	1,266,916	-	1,762,329
	-	-	-	-
<b>Total other financial assets</b>	<b>-</b>	<b>1,266,916</b>	<b>-</b>	<b>1,762,329</b>

## Note 5: Other assets

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Balances with statutory authorities				
Advance Tax & T.D.S	145,038	37,205	145,038	40,845
VAT Receivable	40,418	2,170,477	40,418	2,170,477
Balances with Others				
Security Deposit	-	230,740	-	230,740
Other Advances	503,070	-	124,522	-
<b>Total other assets</b>	<b>688,526</b>	<b>2,438,422</b>	<b>309,978</b>	<b>2,442,062</b>



## NEOGEM INDIA LIMITED

### Note 6: Equity share capital and other equity

#### 6(a) Equity share capital

##### Authorised Share Capital

	Equity Share		Pref. Share	
	Number of shares	Amount	Number of shares	Amount
As at 31 March 2018	10,000,000	100,000,000	-	-
As at 31 March 2019	10,000,000	100,000,000	-	-

##### Issued, Subscribed and Paid up capital

	Equity Share		Pref. Share	
	Number of shares	Amount	Number of shares	Amount
As at 31 March 2018	8,172,000	81,720,000	-	-
As at 31 March 2019	8,172,000	81,720,000	-	-

#### (i) Movements in equity share capital

	Number of shares	Equity share capital (par value)
As at 31 March 2018	8,172,000	81,720,000
As at 31 March 2019	8,172,000	81,720,000

#### Terms and rights attached to equity shares

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

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

	31 March 2019		31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Urvinderpal Attarsingh	800,000	10%	800,000	10%
Gaurav Doshi	870,800	11%	870,800	11%
Rekha Doshi	1,089,950	13%	1,089,950	13%
Ronak Doshi	870,800	11%	870,800	11%

#### 6(b) Reserve and surplus

	31 March 2019	31 March 2018
Securities premium reserve	6,116,000	6,116,000
Retained earnings	(17,440,978)	(15,725,998)
Share Warrant Forfeited account	3,456,000	3,456,000
<b>Total reserves and surplus</b>	<b>(7,868,978)</b>	<b>(6,153,998)</b>

<b>(i) Securities premium reserve</b>		
	<b>31 March 2019</b>	<b>31 March 2018</b>
Opening balance	6,116,000	6,116,000
Proceeds received	-	-
<b>Closing Balance</b>	<b>6,116,000</b>	<b>6,116,000</b>
<b>(ii) Retained earnings</b>		
	<b>31 March 2019</b>	<b>31 March 2018</b>
Opening balance	(15,725,998)	1,433,234
Add: profit for the year	(1,714,980)	(17,159,232)
Less Dividend payable	0	0
<b>Closing Balance</b>	<b>(17,440,978)</b>	<b>(15,725,998)</b>
<b>(ii) Share warrant forfeited account</b>		
	<b>31 March 2019</b>	<b>31 March 2018</b>
Opening balance	3,456,000	3,456,000
Add : During the year		
<b>Closing Balance</b>	<b>3,456,000</b>	<b>3,456,000</b>

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

	<b>31 March 2019</b>	<b>31 March 2018</b>
<b>Secured Loan</b>		
Punjab National Bank	120,734,483	120,734,483
Bank of India	46,192,992	46,192,992
Interest Payable	12,348,285	12,348,285
<b>Total non-current borrowings</b>	<b>179,275,760</b>	<b>179,275,760</b>
Less: Current maturities of long term debt	-	-
Less: Interest accrued (included in note 9(c))	-	-
<b>Non-Current borrowings</b>	<b>179,275,760</b>	<b>179,275,760</b>

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

**7(b) Trade payables**

	<b>31 March 2019</b>	<b>31 March 2018</b>
Trade payables	160,698,514	160,663,527
<b>Total trade payables</b>	<b>160,698,514</b>	<b>160,663,527</b>

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

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

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

(b) Interest paid during the year;

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

## NEOGEM INDIA LIMITED

### 7(c) Other financial liabilities

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Other Payable	5,641,029	558,091	4,008,421	558,091
Others Payables	5,641,029	558,091	4,008,421	558,091

### Note 8: Other liabilities

	31 March 2019		31 March 2018	
	Current	Non-current	Current	Non-current
Statutory dues Payables	-			
TDS Payable	18,242		39,952	-
<b>Total other liabilities</b>	<b>18,242</b>	<b>-</b>	<b>39,952</b>	<b>-</b>

### Note 9: Revenue from operations

	31 March 2019	31 March 2018
Sale of Products	1,961,040	52,457,512
Gain on Foreign Exchange	-	5,215,453
<b>Revenue from operations</b>	<b>1,961,040</b>	<b>57,672,965</b>

### Note 10: Other income

	31 March 2019	31 March 2018
Labour Charges Received	-	7,251,923
GST Income	12,103	-
Interest on Income Tax Refund A. Y. 17-18	330	-
<b>Total other income</b>	<b>12,433</b>	<b>7,251,923</b>

### Note 11: Cost of material consumed

	31 March 2019	31 March 2018
Opening Stock	1,762,329	4,892,616
Add: Purchase during the year	-	35,450,059
Less: Closing Stock	(1,266,916)	(1,762,329)
<b>Consumption for the year</b>	<b>495,413</b>	<b>38,580,346</b>

### Note 12: Changes in Inventories of Finished Goods, Stock in Process

	31 March 2019	31 March 2018
Opening Stock		
Finished Goods	-	779,898
Work in Progress	-	526,174
		<b>1,306,072</b>
Closing Stock		
Finished Goods	-	-
Work in Progress	-	-
		-
<b>(Increase)/Decrease in Stock of Finished &amp; Semi Finished Goods</b>	<b>-</b>	<b>1,306,072</b>

**Note 13: Employee Benefit Expenses**

	31 March 2019	31 March 2018
Salaries, Wages & Allowances	-	6,223,282
Bonus Allowance	-	-
Contribution to Provident and Other Fund	500	411,019
Staff Welfare Expenses	6,297	310,705
	<b>6,797</b>	<b>6,945,006</b>

**Note 14: Depreciation**

	31 March 2019	31 March 2018
Depreciation on Property, plant and equipment	-	743,406
Depreciation and amortisation expense	-	743,406

**Note 15: Other expenses**

	31 March 2019	31 March 2018
Auditors Remuneration	100,000	100,000
Commission Expenses Paid	-	2,064,744
Computer Expenses	9,400	59,078
Conveyance Expenses	20,584	51,899
Custodian Charges	-	51,503
Fuel Exp.	-	12,160
Insurance Premium	-	54,008
Interest on Delay Payment	5,218	28,556
Legal & Professional Charges	940,995	1,065,980
Listing Fees	295,000	287,500
Loss on Foreign Exchange	-	2,003,673
Office General Expenses	950	52,323
Postage & Telephone Expenses	94,601	180,450
Printing & Stationery	38,109	75,510
Registrar & Filing Fees	36,552	39,371
Rent, Rates & Taxes	1,222,608	1,213,368
Repairs & Maintainance ( Others)	2,123	250
Repairs & Maintainance (Plant & Machinery)	-	120,873
Security Charges	278,835	616,876
Sundry Bal. W/off	(110,170)	16,253,294
Travelling Expenses	-	-
Other Expenses	86,536	197,937
Manufacturing Expenses	112,402	8,800,714
Selling & Distribution Expenses	65,725	1,128,688
<b>Total</b>	<b>3,199,467</b>	<b>34,458,755</b>

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

	31 March 2019	31 March 2018
Payment to auditors		
Statutory auditors		
a) Statutory Audit fees	75,000	75,000
b) Tax Audit fees	25,000	25,000
<b>Total</b>	<b>100,000</b>	<b>100,000</b>

**Note 16: Finance costs**

	31 March 2019	31 March 2018
Bank charges	10,028	237,683
<b>Total</b>	<b>10,028</b>	<b>237,683</b>

## NEOGEM INDIA LIMITED

### Note 17: Current and deferred tax

#### 17(a) Statement of profit and loss:

	31 March 2019	31 March 2018
<b>(a) Income tax expense</b>		
<i>Current tax</i>	-	-
Current tax on profits for the year	-	-
Total current tax (expense)/Saving	-	-
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets		
(Decrease) increase in deferred tax liabilities	-	(23,253)
Total deferred tax expense/(benefit)	-	(23,253)
Income tax expense	-	-

**17(b)** The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	31 March 2019	31 March 2018
<b>Profit Before Tax</b>	(1,738,233)	(17,346,380)
Statutory income tax rate		
Differences due to:		
Expenses not deductible for tax purposes	-	-
Carry forward losses of earlier years	-	-
Brought Forward losses adjusted/ carry forward losses	-	-
Effective income tax rate	(1,738,233)	(17,346,380)

**17(c)** No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in net profit or loss or other comprehensive income but directly debited/ (credited) to equity

#### 17(d) Deferred tax liabilities (net)

	31 March 2019	31 March 2018
Property, plant and equipment	(23,253)	(23,253)
Fair Valuation of Security Deposit & on effective rate of long term deposit		
Interest Expenses on fair valuation of security Deposit		
<b>Total deferred tax liabilities</b>	<b>(23,253)</b>	<b>(23,253)</b>
Carry forward losses & Unabsorbed Depreciation		
Interest Expenses on fair valuation of security Deposit		
<b>Total deferred tax assets</b>	<b>0</b>	<b>0</b>
<b>Total deferred tax assets (Liability)</b>	<b>23,253</b>	<b>23,253</b>

17(e) Movement in deferred tax liabilities/assets	31 March 2018	(Charged)/credited:		31 March 2019
		- to profit or loss	- to other comprehensive income	
C/ f losses & Unabsorbed depreciation	(23,253)	23,253	-	-
Property plant and equipment				
Interest Expenses on fair valuation of security Deposit				
Fair Valuation of Security Deposit & on effective rate of long term Loan				
<b>Total</b>	<b>(23,253)</b>	<b>23,253</b>	<b>-</b>	<b>-</b>

**Notes to financial statements****Note 18: Fair value measurements****18(a) Financial instruments by category**

	<b>30 June 2018</b>	<b>31 March 2018</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
<b>Financial assets</b>		
Trade receivables	411,067,159	411,067,159
Cash and cash equivalents	1,682,063	1,653,906
Inventory	1,266,916	1,762,329
Other Current assets	688,526	309,978
<b>Total financial assets</b>	<b>414,704,665</b>	<b>414,793,372</b>
<b>Financial liabilities</b>		
Other Financial liabilities	5,641,029	4,008,421
Other Current Liabilities	576,333	598,043
Trade payables	160,698,514	160,663,527
<b>Total financial liabilities</b>	<b>166,915,876</b>	<b>165,269,991</b>

**18(b) Fair value hierarchy**

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

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

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

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

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between the levels during the year.

**Valuation processes :**

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

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

**Note 19: Financial risk management**

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

## NEOGEM INDIA LIMITED

### A. Management of Liquidity Risk:

Liquidity risk is the risk that the company will face in meeting its obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could undermine the company's credit rating and impair investor confidence. The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the balancesheet date:

	Less than 1 year	1 to 5 years	More than 5 years	Total	Carrying Amount
Borrowings	-	179,275,760	-	179,275,760	179,275,760
Other Financial liabilities	3,132,608	2,508,421		5,641,029	5,641,029
Trade payables	45,957.00	-	160,652,557	160,698,514	160,698,514

### B. Management of Market risks

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

### C. Management of Credit Risks

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

#### Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the company's customer base being large and diverse and also on account of member's deposits kept by the company as collateral which can be utilised in case of member default. All trade receivables are reviewed and assessed for default on a quarterly basis. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Company is not exposed to any other credit risks.

### D. Capital Management

The company considers the following components of its Balance Sheet to be managed capital: Total equity as shown in the balance sheet includes retained profit and share capital. The company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. Company is not subject to financial covenants in any of its significant financing agreements. The management monitors the return on capital as well as the level of dividends to shareholders.

### Note 20: Segment information

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

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

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

#### (b) Segment revenue

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

Segment	31 March 2019		31 March 2018	
	Revenue from external customers	Total segment revenue	Revenue from external customers	Total segment revenue
Segment	1,961,040	1,961,040	52,457,512	52,457,512
<b>Total segment revenue</b>	<b>1,961,040</b>	<b>1,961,040</b>	<b>52,457,512</b>	<b>52,457,512</b>

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

Revenue from external customers	31-Mar-19	31-Mar-18
India	1,083,051	3,974,816
Outside India	877,989	48,482,696
<b>Total</b>	<b>1,961,040</b>	<b>52,457,512</b>

#### Note 21: Related party transactions

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

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

Related Parties	Nature of relationship	
	31-Mar-19	31-Mar-18
MR. GAURAV DOSHI	DIRECTOR	DIRECTOR
MR. RONAK DOSHI	DIRECTOR	DIRECTOR

##### Note 21(b): Related party transactions

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

Sr. No.	Nature of Transaction	For the year ended 31 March 2019		For the year ended 31 March 2018	
		MR. GAURAV DOSHI	MR. RONAK DOSHI	MR. GAURAV DOSHI	MR. RONAK DOSHI
1	Loan Taken	1,448,820.00	782,500.00	233,820.00	132,500.00
	<b>Balance outstanding at the end of the year</b>				
	(Payable)	<b>1,448,820.00</b>	<b>782,500.00</b>	<b>233,820.00</b>	<b>132,500.00</b>
	Receivable	-	-	-	-

#### Note 22: Earnings per share

	30 June 2018	31 March 2018
<b>(a) Basic and diluted earnings per share</b>		
Profit attributable to the equity holders of the company	(1,714,980)	(17,159,232)
Total basic earnings per share attributable to the equity holders of the company( in Rs.)	NA	NA
Total diluted earnings per share attributable to the equity holders of the company(in Rs.)	NA	NA

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

	30 June 2018 No. of shares	31 March 2018 No. of shares
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	8,172,000	8,172,000



## NEOGEM INDIA LIMITED

### Note 23: Note

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

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

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

We refer to the outstanding creditor's payable as reflected in current liabilities of Rs. 15,71,16,849/- which are outstanding for more than three years. The amount outstanding are unconfirmed by the parties.

### Note 24: Offsetting financial assets and financial liabilities

The following table presents the recognised financial instruments that are offset and other similar agreements but not offset, as at 31 March 2018 and 31 March 2017 . The column 'net amount' shows the impact on the company's balance sheet if all set-off rights were exercised.

	Effects of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Financial instrument collateral	Net amount
<b>30-Jun-18</b>					
<b>Financial assets</b>					
Trade receivables	411,067,159	-	411,067,159	-	411,067,159
Cash and Cash Equivalent	1,682,063	-	1,682,063	-	1,682,063
Inventory	1,266,916	-	1,266,916	-	1,266,916
Other Current Assets	688,526	-	688,526	-	688,526
<b>Total</b>	<b>414,704,665</b>	<b>-</b>	<b>414,704,665</b>	<b>-</b>	<b>414,704,665</b>
<b>Financial liabilities</b>					
Trade payables	160,698,514	-	160,698,514	-	160,698,514
Other Financial Liabilities	5,641,029	-	5,641,029	-	5,641,029
Other Current Liabilities	18,242	-	18,242	-	18,242
<b>Total</b>	<b>166,357,785</b>	<b>-</b>	<b>166,357,785</b>	<b>-</b>	<b>166,357,785</b>
<b>31-Mar-18</b>					
<b>Financial assets</b>					
Trade receivables	411,067,159	-	411,067,159	-	411,067,159
Cash and Cash Equivalent	1,653,906	-	1,653,906	-	1,653,906
Inventory	1,762,329	-	1,762,329	-	1,762,329
Other Current Assets	309,978	-	309,978	-	309,978
<b>Total</b>	<b>414,793,373</b>	<b>-</b>	<b>414,793,373</b>	<b>-</b>	<b>414,793,373</b>
<b>Financial liabilities</b>					
Trade payables	160,663,527	-	160,663,527	-	160,663,527
Other Financial Liabilities	4,008,421	-	4,008,421	-	4,008,421
Other Current Liabilities	39,952	-	39,952	-	39,952
<b>Total</b>	<b>164,711,900</b>	<b>-</b>	<b>164,711,900</b>	<b>-</b>	<b>164,711,900</b>

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

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

**25. ASSETS PLEDGE AS SECURITY**

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

Particulars	31 March 2019	31 March 2018
Current Assets		
- Trade Receivables	411,067,159	411,067,159
- Inventory	1,266,916	1,762,329
Financial Assets		
Property, Plant and Equipment	2,899,571	2,899,571
<b>Total Assets pledged as Security</b>	<b>415,233,647</b>	<b>415,729,060</b>

**Note 26:** Contingent Liability and Commitments Rs. Nil (2018: Nil)

**Note 27 : Previous Year Comparatives:**

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

**For D. S. SOLANKI & CO**  
Chartered Accountants  
Firm Registration No. 124118W

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

**Dharmendra Solanki**  
Proprietor  
Membership No. : 115223

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

**Ronak Doshi**  
Vice Chairman &  
Whole Time Director  
DIN : 00102959

Place: Mumbai  
Dated: 30th May, 2019

# NEOGEM INDIA LIMITED

CIN: L36911MH1991PLC063357

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

## ATTENDANCE SLIP

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

Master Folio No.: .....

No. of Shares held: .....

DP ID:.....

Client ID:.....

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

Address: .....

.....

.....

I hereby record my presence at the TWENTY-EIGHTH ANNUAL GENERAL MEETING of the Company held on Monday, 30th September 2019 at 10:00 a.m. at the Registered office of the Company at G/32, Gems and Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai - 400 096 to transact the following business:

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

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

# Strike out whichever is not applicable

### ROUTE MAP OF THE VENUE TOTHE AGM



LAND MARK : GATE NO. 1 SPEEZ, ANDHERI

# NEOGEM INDIA LIMITED

CIN: L36911MH1991PLC063357

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

**Form No. MGT-11**

## Proxy form

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

### 28th Annual General Meeting - September 30, 2019

Name of the Member(s):	
Registered Address:	
Email:	
Folio no. / Client ID:	
DPID:	

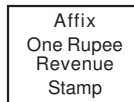
I/We, being the member (s) of ..... shares of the above named Company, hereby appoint

- Name:.....Email Id:.....  
Address:.....  
Signature:....., or failing him/her
- Name:.....Email Id:.....  
Address:.....  
Signature:....., or failing him/her
- Name:.....Email Id:.....  
Address:.....  
Signature:....., or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on the 30th day of September 2019 at 10.00a.m. at G-32, Gems & Jewellery Complex III, Seepz (SEZ), Andheri (East), Mumbai 400096 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No.	Resolution	Assent	Dissent
	<b>Ordinary Business</b>		
1.	Adoption of Audited Financial Statement along with Board's Report and the Auditor's Report for the financial year ended March 31, 2019.		
2.	Appoint a Director in place of Mr. GauravDoshi (DIN: 00166703), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To re-appoint Mrs. Renu Kathuria (DIN: 01669882), as an Independent Director for a second term of five consecutive years		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019



\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

\_\_\_\_\_  
Signature of Proxy holder(s)

\_\_\_\_\_  
Signature of Proxy holder(s)

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

**Important Communication to Members**

To Support the Green Initiative in Corporate Governance taken by the Ministry of Corporate Affairs, members are requested to register their e-mail address with their Depository participants or send an e-mail to the Company on [investors@neogemindia.com](mailto:investors@neogemindia.com)

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

*If undelivered please return to:*

**Neogem India Limited**

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

**Contact Person:**

**Mr Xavier Rodrigues**

Tel./Fax : (91-22) 2829 1123