



**GOENKA**  
DIAMOND & JEWELS LIMITED



MANUFACTURER OF  
**LARGE DIAMONDS**  
& FINE JEWELLERY

**ANNUAL REPORT**

2016 - 2017





# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

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## 27<sup>th</sup> Annual Report 2016 - 2017

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### Board of Directors

**Mr. Nandlal Goenka** (DIN:00125281)  
*Chairman*

**Mr. Navneet Goenka** (DIN:00164428)  
*Vice Chairman and Managing Director*

**Mr. Anant Upadhyay** (DIN:02467122)  
*Independent Director*

**Ms. Neetam Singh** (DIN:07006403)  
*Independent Director*

**Mr. Kevin Shah** (DIN:07027089)  
*Independent Director*

**Company Secretary & Compliance Officer**  
Kundan Tanawade

### Registered Office

401, Panchratana, M. S. B. Ka Rasta,  
Johari Bazar, Jaipur-302003  
Telephone: + 91 141 2574175;  
**Facsimile:** +91 141 2573305

### Corporate Office

1305, Panchratna Building, Mama Parmanand Marg,  
Opera House, Girgaon Division,  
Street No. 184, Mumbai - 400 004  
CIN: L36911RJ1990PLC005651  
Telephone: + 91 22 23676030;  
Facsimile: + 91 22 23676020;  
Email: cs@goenkadiamonds.com  
Website: [www.goenkadiamonds.com](http://www.goenkadiamonds.com)

### Joint Auditors

**M/s. B. Khosla & Co.**, (Regn. No. 000205C)  
Chartered Accountants

**M/s. RSVA & Co.**, (Regn. No. 110504W)  
Chartered Accountants

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### Registrar and Transfer agents

Karvy Computershare Pvt. Ltd.  
Karvy Selenium, Tower B,  
Plot No. 31 & 32, Gachibowli,  
Financial District  
Hyderabad- 500 032  
Tel.: 040 67161700  
Fax: 040 67161680  
Website: [www.karvy.com](http://www.karvy.com)

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### Bankers

- a) Punjab National Bank
- b) Punjab & Sind Bank
- c) State Bank of India
- d) Axis Bank
- e) Corporation Bank
- f) UCO Bank
- g) Central Bank of India
- h) Karnataka Bank

### Depositories

National Securities Depository Limited ("NSDL")

Central Depository Services (India) Limited ("CDSL")

### 27<sup>th</sup> Annual General Meeting

Friday, September 29, 2017 at 11.00 a.m. at  
Bungalow No. C -114, Shivaji Marg, Vijaypath,  
Tilak Nagar,  
Jaipur – 302 004.

## Brief Profile of our Directors



**Mr. Nand Lal Goenka** (DIN: 00125281), is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since incorporation. On October 28, 2002, he was appointed as a Whole-Time Director and on April 15, 2008, he was appointed as the Chairman of our Company till March 31, 2013. At the Annual General Meeting held on September 27, 2013, he was re-appointed as the Chairman of our Company w.e.f. April 01, 2013 for a period of five years. He is the acting Chief Executive Officer of the company. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has around 45 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honored with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34<sup>th</sup> All India National Unity Conference in Jaipur. He was also the first jeweller whose achievements in the gems and jewellery sector were featured in national television in 1992, in a programme titled – "The Face in the Crowd". Mr. Nand Lal Goenka was the Vice-President of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.



**Mr. Navneet Goenka** (DIN: 00164428), is the Vice-Chairman & Managing Director and Chief Financial Officer of our Company. He was appointed as an Additional Director of our Company on December 09, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002 he was appointed as a Whole-Time Director of our Company and on April 15, 2008, he was appointed as the Vice-Chairman and Managing Director of our Company till March 31, 2013. At the Annual General Meeting held on September 27, 2013, he was re-appointed as the Vice-Chairman and Managing Director of our Company w.e.f. April 01, 2013 for a period of five years. He acted as CFO since 2008. He was appointed as a CFO of our company w.e.f. August 21, 2014. He is a commerce graduate from the Mumbai University and has a graduate diamonds diploma from the Gemological Institute of America, New York. Mr. Navneet Goenka has more than 20 years of experience in the jewellery export, retail and designing business. He had joined our Company at a very young age and has been contributing to its growth since then. In his capacity as CFO, he is responsible for taking all decisions relating to Finance, Accounts and Legal Compliances including Taxation, Secretarial Matters, FEMA etc. He also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of all the matters relating to the subsidiaries of our Company.



**Mr. Kevin Shah** (DIN:07027089), is a Non-Executive Independent Director of our Company. He was appointed as an Additional Director of our Company on November 25, 2014 and appointed as Director in the AGM of our Company dated December 30, 2014. He is a member of the Institute of Chartered Accountants of India. He is a Chartered Accountant practicing mainly in the field of GST and Customs. He writes editorials for forums like Taxindiaonline.com etc. and provides training programs. He has more than ten years of experience working with the renowned people in the field of Indirect taxes.



**Mr. Anant Upadhyay** (DIN: 02467122), is a Non-Executive Independent Director of our Company. He was appointed as an Additional Director of our Company on August 21, 2014 and appointed as Director in the AGM of our Company dated December 30, 2014. He is a renowned advocate. His core expertise is in contentious area like Writ Petitions, PILs, Civil Suits, Trade Mark Suits, Summary Suits, Arbitration Petitions, Company Petitions, Consumer complaints, Criminal Cases initiated under Indian Penal Code, Negotiable Instruments Act, Environmental Protection Act, Proceedings pertaining to Securities and Exchange Board of India Act before High Court, Securities Appellate Tribunal, Sessions Court, Metropolitan Magistrates Courts, Small Causes Court etc. and Non-Contentious area such as Drafting legal documents including Media Agreements, Shareholders Agreement, Term Sheet, Service Provider Agreement, Indemnity Bond, Short Code Agreement, Franchise Agreement, Sponsorship Agreement, Sale Deed, Power of Attorney, Leave & License Agreement, Development Agreement, Agreement for Sale, Deed of Confirmation, Will, Power Purchase Agreement and other allied instruments, Due Diligence of land and properties, Sale, Purchase/Acquisition of properties, Search Report, Title Certificates, Assessment of Stamp Duty, Registration of Conveyance, Power of Attorneys and related documents.



**Ms. Neetam Singh** (DIN: 07006403), is a Non-Executive Independent Woman Director of our Company. She was appointed as an Additional Director of our Company on September 19, 2014 and appointed as Director in the AGM of our Company dated December 30, 2014. She is a MBA in Finance from reputed college of Mumbai. She has vast experience in Bank Finance, Equity research analysis, financial analysis, Raising fund through Private equity, Management reporting, Cost reduction measures, joint ventures, mergers, divestments, carve out of businesses and restructuring, budgeting and management reporting, with organizations having different cultures and Statutory Compliances.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTICE

**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED (“the Company”)** will be held on Friday, September 29, 2017 at 11.00 a.m. at Bungalow No. C - 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004 to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company on a standalone and consolidated basis, for the financial year ended March 31, 2017 including the Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.

### SPECIAL BUSINESS

2. To appoint M/s Ummad Jain & Co., (**Firm Regn. No.119250W**) Chartered Accountants, Mumbai and M/s RSVA & Co., (**Firm Regn. No. 110504W**) Chartered Accountants, Mumbai as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors (“the Board”) to fix their remuneration.

To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Ummad Jain & Co., (**Regn. No.119250W**), Chartered Accountants, Mumbai and M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (“AGM”) till the conclusion of the next AGM.

“**FURTHER RESOLVED THAT** the Board of Directors (“the Board”) is authorised to fix their remuneration.”

Place: Mumbai  
Date: August 17, 2017

By Order of the Board of Directors

**Kundan Tanawade**  
**Company Secretary & Compliance Officer**

### Registered office:

401, Panchratana,  
M. S. B. Ka Rasta,  
Johari Bazar,  
Jaipur-302003  
CIN: L36911RJ1990PLC005651  
E-mail id: cs@goenkadiamonds.com

### NOTES:

1. **The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the business under item No. 2, of the Notice, is annexed hereto.**
2. **A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

**A person can act as a proxy on behalf of members not exceeding fifty 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.**
3. Members/ Proxies are requested to bring the Attendance Slip(s) duly filled in. Attendance slip is separately sent to Shareholders along with this Annual Report.
4. Shareholders are requested to bring their copy of Annual Report to the Meeting.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a duly certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. In case of joint holders attending the Annual General Meeting, member present or in case both members are present the person whose name is appearing as first holder will be entitled to vote.
7. Pursuant to Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“SEBI LODR”), the Register of Members and Share Transfer Books of the Company will remain closed from Monday, September 25, 2017 to Friday, September 29, 2017 (both days inclusive).
8. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
9. Members who hold their shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participant(s) with whom they are maintaining their D’mat accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
12. Electronic Copy of this Annual Report along with the attendance slip carrying e-voting procedure & instructions is sent to the members whose e-mail ids are registered with the RTA of the Company. In case of members who have not registered e-mail ids, the Company has sent physical copy of this Annual Report, along with the attendance slip carrying e-voting procedure & instructions. However, the member who has not received the electronic copy or the physical copy may write to the Company, and the Annual Report will be sent to them. Kindly also note that the Copy of this Annual Report is also available on the website of the Company. The Attendance slip carrying e-voting procedure & instructions is separately attached with this Annual Report.
13. Members may also note that even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. In this regard, the shareholders may also send requests to the Company’s designated e-mail id: [cs@goenkadiamonds.com](mailto:cs@goenkadiamonds.com)





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14. Pursuant to provisions of Section 108 of Companies Act, 2013, and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote for the resolutions to be passed at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited (Karvy). The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). The procedures and instructions for e-voting along with the user id and password are mentioned in the attendance slip which is separately attached to this Annual Report.
15. The members would be able to cast their votes at the meeting through ballot paper if they have not availed the remote e-voting facility. If the vote is cast through remote e-voting facility, then the vote cast through ballot paper at the meeting will not be recognized. However, members who have cast their votes through e-voting prior to the meeting may also attend the meeting.
16. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member / beneficial owner as on the cut-off date i.e. 22<sup>nd</sup> September 2017.
17. For the purpose of e-voting, please note that the Login Id and password are mentioned in the attendance slip sent to share holders along with this annual report. Also note that in case of shareholders holding their D'mat account with NSDL, Login Id will be the combination of 8 digit DP ID + 8 digit Client ID. In case of shareholders holding their D'mat account with CDSL, Login Id will be their 16 digit Beneficiary ID. In case of shareholders holding shares in physical form, Login Id will be Event Number + Folio Number.
18. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 22, 2017, may use his existing login id if he is already registered on the e-voting portal of Karvy; or he may create his login id based on the guideline as mentioned at point number 17 above, as also the password by following the instructions as given on the e-voting portal of Karvy. In case of difficulty, if any, the shareholder may write to the Karvy on the e-mail [evoting@karvy.com](mailto:evoting@karvy.com) or to Mr. U S Singh, Contact No. 040-67162222 at Karvy Computershare Private Limited, Unit- Goenka Diamond & Jewels Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the Login ID and Password. Such email / letter sent to Karvy should mention basic details including PAN Number, registered mobile number, registered email id and 'DP ID & Client ID' or 'Folio Number' (in case the shares are held in physical form). After receipt of the login credentials, please follow the procedures and instructions for e-voting as mentioned in the attendance slip which is separately attached to this Annual Report.

Place: Mumbai  
Date: August 17, 2017

By Order of the Board of Directors

Kundan Tanawade  
**Company Secretary & Compliance Officer**

**Registered office:**

401, Panchratana,  
M. S. B. Ka Rasta,  
Johari Bazar,  
Jaipur-302003  
CIN: L36911RJ1990PLC005651  
E-mail id: [cs@goenkadiamonds.com](mailto:cs@goenkadiamonds.com)

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### Explanatory Statement

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 2 of the accompanying Notice:

#### Item No. 2

M/s. B. Khosla & Co., (**Regn. No. 000205C**) Chartered Accountants, Jaipur and M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai are joint statutory Auditors of the Company.

As per the provisions of Section 139 of the Act, M/s. B. Khosla & Co., (Regn. No. 000205C) Chartered Accountants, Jaipur can continue as the Auditors of the Company only up to the conclusion of this Annual General Meeting ('AGM'), having completed their term as per the said provisions.

Accordingly, M/s. B. Khosla & Co., (Regn. No. 000205C) Chartered Accountants, Jaipur has resigned as per the terms of the said provisions.

M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai being, joint statutory Auditor along with M/s. B. Khosla & Co., (**Regn. No. 000205C**) Chartered Accountants, Jaipur and due to event of resignation of the other Joint Statutory Auditor has resigned as Joint Statutory Auditor of the Company.

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on August 17, 2017, proposed the appointment of M/s Umed Jain & Co. (**Regn. No.119250W**) Chartered Accountants, Mumbai and M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai, as the Joint Statutory Auditors of the Company for a period of one year, to hold office from the conclusion of this AGM till the conclusion of the AGM to be held for the Financial Year 2017-18.

Both the Joint Statutory Auditors, have given consent to their appointment as Statutory Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Act.

The Board recommends the Special Resolution set out at Item No. 2 of the Notice for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution set out at Item No. 2 of the Notice.

Place: Mumbai  
Date: August 17, 2017

By Order of the Board of Directors

Kundan Tanawade  
**Company Secretary & Compliance Officer**

#### Registered office:

401, Panchratana,  
M. S. B. Ka Rasta,  
Johari Bazar,  
Jaipur-302003  
CIN: L36911RJ1990PLC005651  
E-mail id: cs@goenkadiamonds.com

**DIRECTORS' REPORT**

**Dear Shareholders,**

Your Directors are pleased to present the Twenty Seventh Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2017.

**Financial Highlights**

(Rs. In lakhs)

<b>Particulars</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
Sales and Other Income	509.18	9311.49
Less: Expenses	729.79	12412.69
Profit / (Loss) before tax and depreciation	(220.61)	(3101.20)
Less: Depreciation	58.60	61.53
Net Profit/(Loss) before Tax	(279.21)	(3162.73)
Less: Income tax provision	0.00	0.00
Less: Deferred Tax	21.39	59.28
Less: Earlier Years' Income Tax	0.00	0.00
Less: MAT Credit Entitlement	341.48	0.00
Profit/(Loss) after tax	(642.08)	(3222.01)
Balance brought forward from previous year	12772.21	15994.22
Profit available for appropriation	12130.13	12772.21
<b>Appropriation</b>		
Issue of Bonus shares	----	----
Transfer to General Reserve	----	----
Proposed Dividend on Equity shares	----	----
Tax on Proposed Dividend	----	----
Profit carried over to Balance Sheet	12130.13	12772.21
Earnings per share	(0.20)	(1.02)

**State of Company's Affairs**

Your Directors wish to inform you that during the current financial year ended March 31, 2017, the sales and other income of the Company were Rs. 509.18 lakhs and during the previous year it was Rs. 9311.49 lakhs. During the year, the company incurred Net Loss before tax of Rs. 279.21 lakhs as against Net loss before tax of Rs. 3162.73 lakhs in the previous year. The decline in the performance was mainly due to severe liquidity crunch being faced by the company, though the management is putting its best efforts to revive the operations of the company.

**Dividend**

Due to losses incurred by the company during the year, the directors do not recommend any dividend.

**IPO Fund Utilization**

The details of IPO proceeds which have been utilized by the Company are as given under. The Company has utilized major portion of IPO proceeds for expansion as and when the correct opportunity and favorable market conditions were available. However, insignificant portion of the proceeds allocated for the expansion is left unutilized and the management of your Company has temporarily infused those funds in to financial instruments for the investment purpose.

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Amount received from IPO		12650.85
Sr. No.	Particulars of proposed reallocated expenditure amount	Amount in Lakhs (as on 31.03.2017)
1.	For expansion and establishment of new retails stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities & other general capex required for expansion.	1143.84
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	1923.02
3.	Working Capital Requirement for business	8459.96
4.	General Corporate Purposes	218.37
5.	Issue Expenses	828.68
	<b>Total</b>	<b>12573.87</b>
	Unutilized Amount Represented by	
	Time Deposit with Banks (Under Lien)	76.98

### Directors and Key Managerial Personnel

Your Board comprises of 5 directors comprising of 2 promoter directors and 3 independent directors including one woman director. Definition of 'Independent Director' is derived from Regulation 16(b) of the SEBI LODR and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors under section 149(7) of the Companies Act 2013 and on evaluation of the relationships disclosed, the Non-Executive Directors – Mr. Anant Upadhyay, Ms. Neetam Singh and Mr. Kevin Shah are considered as Independent Directors, who are not liable to retire by rotation.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr. Nandlal Goenka, Chairman, Mr. Navneet Goenka, Vice Chairman & Managing Director and CFO and Mr. Kundan Tanawade, Company Secretary & Compliance Officer of the Company continued as Key Managerial Personnel.

### Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 ('the Act'), in relation to the Annual Financial Statements for the Financial Year 2016-2017, your Directors, to the best of their knowledge and ability, confirm that::

- in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
- the Directors have 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 as at March 31, 2017 and of the loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a "going concern" basis. However, the Statutory Auditors have expresses doubts on the ability of the company to continue as a going concern.
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively, except that the internal financial control system with regard to credit worthiness of debtors needs to be improvised, as, at present, there is old huge outstanding amount recoverable from overseas buyers. Hence the company needs to formulate and implement stronger internal control system while extending credit to buyers. Likewise, the payments of statutory dues and bank dues need to be regularized, though the same is the result of the liquidity crunch the company is presently facing mainly due to slow realization of debtors. Nonetheless, the management is pursuing available legal means for debtors recovery; and



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

**Subsidiary Company and Consolidated Financials**

In compliance with Section 129 of the Act, a statement containing requisite details including performance and financial position of each of the subsidiary companies is annexed to this report in Form AOC-1.

In accordance with Accounting Standard AS 21 – Consolidated Financial Statements read with Accounting Standard AS 23 – Accounting for Investments in Associates and Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.

**Board Evaluation**

Pursuant to the provisions of companies Act, 2013, and SEBI LODR, the Board has carried out evaluation of performance of its own, the independent directors individually as well the evaluation of the working of its Audit, 'Nomination & Remuneration' and 'Stakeholders Relationship' committees. The performance evaluation of non-independent directors was carried out by the independent directors in a separate meeting.

The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

**Remuneration Policy**

The current policy is an appropriate mix of executive and independent directors to maintain the independence of the Board. The Nomination & Remuneration Committee framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013.

The salient features of the Remuneration Policy are stated in the Corporate Governance Report.

**Deposits and Unclaimed Dividend**

During the year under review, your company has not accepted any public deposit under Chapter V of the Companies Act, 2013. There were no funds required to be transferred to Investor Education and Protection fund, in respect of unclaimed dividend.

**Number of Meetings of the Board**

The Board met four times in financial year 2016-2017, on May 26, 2016, August 09, 2016, November 12, 2016 (\*) adjourned to November 19, 2016, and February 14, 2017. The maximum interval between any two meetings did not exceed 120 days.

\* The meeting was scheduled on November 12, 2016 which was adjourned to November 19, 2016 for want of quorum.

**Details of Committees of the Board**

The Company has following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

**1. Audit Committee**

The Audit Committee comprises independent directors namely Mr. Kevin Shah, Mr. Anant Upadhyay and Ms. Neetam Singh.

Mr. Kevin Shah – Chairman.

Mr. Anant Upadhyay – Member.

Ms. Neetam Singh – Member.

All the recommendations made by the committee were accepted by the Board.

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### 2. **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises independent directors namely Ms. Neetam Singh, Mr. Kevin Shah and Mr. Anant Upadhyay.

Ms. Neetam Singh – Chairperson

Mr. Kevin Shah – Member

Mr. Anant Upadhyay – Member

All the recommendations made by the committee were accepted by the Board.

### 3. **Stakeholders Relationship Committee**

The Stakeholders Relationship Committee comprises independent directors namely Mr. Anant Upadhyay, Mr. Kevin Shah and Ms. Neetam Singh.

Mr. Anant Upadhyay – Chairman.

Mr. Kevin Shah – Member

Ms. Neetam Singh – Member

All the recommendations made by the committee were accepted by the Board.

The details of the meetings held and attendance of the members of the above committees of the Board are provided in the Corporate Governance report.

### **Statutory Auditors**

M/s. B. Khosla & Co., (**Regn. No. 000205C**) Chartered Accountants, Jaipur and M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai are joint statutory Auditors of the Company.

As per the provisions of Section 139 of the Act, M/s. B. Khosla & Co., (Regn. No. 000205C) Chartered Accountants, Jaipur can continue as the Auditors of the Company only up to the conclusion of this Annual General Meeting ('AGM'), having completed their term as per the said provisions.

Accordingly, M/s. B. Khosla & Co., (Regn. No. 000205C) Chartered Accountants, Jaipur has resigned as per the terms of the said provision.

M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai being, joint statutory Auditor along with M/s. B. Khosla & Co., (**Regn. No. 000205C**) Chartered Accountants, Jaipur and due to event of resignation of the other Joint Statutory Auditor has resigned as Joint Statutory Auditor of the Company.

The Board of Directors has, based on the recommendation of the Audit Committee, at its meeting held on August 17, 2017, proposed the appointment of M/s Ummed Jain & Co. (**Regn. No.119250W**) Chartered Accountants, Mumbai and M/s RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, Mumbai, as the Joint Statutory Auditors of the Company for a period of one year, to hold office from the conclusion of this AGM till the conclusion of the AGM to be held for the Financial Year 2017-18.

### **Auditors' Report**

In respect of the observations made by Auditors in their report, your Directors wish to state that the replies in that respect have been given in the Directors Report in a separate section.

### **Secretarial Auditor**

The Board has appointed Mr. Vishal N. Manseta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 is annexed to this Report.

**Secretarial Audit Report**

In respect of the observations made by Secretarial Auditor in his report, your Directors wish to state that the replies in that respect have been given in the Directors Report in a separate section.

**Contracts and Arrangements with Related Parties**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material. Accordingly, the particulars of the transactions as prescribed in Form AOC-2 of the rules prescribed under Chapter IX relating to Accounts of Companies under Companies Act, 2013 are not required to be disclosed as they are not applicable.

Members are requested to refer Note 32 and 41 to the Standalone financial statements which sets out related party disclosures.

As per Regulation 23 of the SEBI LODR, the Board has adopted a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' which may be accessed on the Company's website i.e. [www.goenkadiamonds.com](http://www.goenkadiamonds.com)

**Extract of Annual Return**

The extract of Annual Return in Form MGT-9 as required under Section 92(3) of the Act read with Companies (Management & Administration) Rules, 2014 is annexed to this report as on March 31, 2017.

**Sexual Harassment**

The Company is committed to provide a safe and conducive work environment to its employees and has detailed procedure for the redressal of complaints pertaining to sexual harassment. Your Directors further state that during the year under review, there were no cases filed pursuant to the sexual harassment at workplace.

**Material Changes and Commitments, affecting the financial position of the Company**

There are following material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report:

- A) The company has filed legal suits against a few of the major defaulting overseas debtors for recovery of dues, while the legal suits against the other defaulting debtors are in the process of being filed.
- B) Punjab National Bank on behalf of the consortium of eight bankers had invoked the pledge of 4,09,76,250 equity shares in the company on 15<sup>th</sup> May 2017, which shares were earlier pledged by Mr. Nandlal Goenka and Mr. Navneet Goenka in favor of the bank in equal quantity.

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

There are no significant material orders passed by the Regulators/ Courts/ Tribunals which would impact the going concern status of the Company and its future operations.

**Corporate Social Responsibility**

The provisions related to Corporate Social Responsibility as mentioned in the Act are not applicable to the company.

**Risk Management Policy**

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors govern how the company conducts the business and manages associated risks.

### **Internal Financial Controls**

The Company has in place adequate internal financial controls and internal audit and processes in place with respect to its financial statements, which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, except that the internal financial control system with regard to credit worthiness of debtors needs to be improvised, as, at present, there is old huge outstanding amount recoverable from overseas buyers. Hence the company needs to formulate and implement stronger internal control system while extending credit to buyers. Likewise, the payments of statutory dues and bank dues need to be regularized, though the same is the result of the liquidity crunch the company is presently facing mainly due to slow realization of debtors. During the year, no reportable cases of fraud were observed.

### **Share Capital**

The paid up equity share capital of the Company as on March 31, 2017 was Rs. 31,70,00,000/- During the year under review, the Company has not issued shares with differential voting rights and sweat equity shares.

### **Vigil Mechanism**

The Company has established Vigil Mechanism and adopted Whistle blower policy for its directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimization of persons who use such mechanism. Protected disclosures can be made by a whistle blower through an e-mail or dedicated telephone line or a letter to the senior executives or to the Chairman of the Audit Committee. During year under review, no personnel was denied access to the Audit Committee.

### **Corporate Governance**

As per SEBI LODR, a separate section on corporate governance practice which is followed by your Company, together with a certificate from Mr. Vishal N. Manseta, Practicing Company Secretary is given in this annual report.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The prescribed particulars of employees required under section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached and form part of this report.

### **Green Initiatives**

Electronic copies of the Annual Report 2016-17 and Notice of the 27<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses are requested to register their email ids with their DPs in order to co-operate with the company in implementation of green initiative; and help to protect the environment.





**STATUTORY AUDITORS REMARKS AND MANagements REPLIES THEREUPON**

- 1) Auditors observation : *With reference to note no. 7(b), 16(b) and 18(a) of standalone financial statements, auditors have observed that Trade Receivables, Advance given to one of the subsidiaries and Trade Payables are not denominated in foreign currency using the closing rate and has been carried forward at the rate as at 31st March 2015 and / or 31st March 2016, which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates"*

Management Reply: It was deemed prudent not to take cognizance of unrealized exchange difference on notional basis due to uncertainties with regard to expected time frame for realization of Trade Receivables and advances; and payment to trade payables. The company shall account for the actual exchange difference at the time of realization of these trade receivables and payment to trade payables..

- 2) Auditors observation : *With reference to Note 37 (C ) of standalone financial statements, auditors have observed that the company has not provided for interest on bank borrowings, as the Banks have classified the company's account as non performing asset; and these banks are either not charging interest or have been charging interest at higher rates.*

Management Reply: As the promoters of the Company have approached consortium banks with proposal for settlement for entire dues, envisaging part-payment of principal amount only against working capital loan dues, the management has decided not to provide interest on working capital borrowings availed by the company.

- 3) Regarding Auditors Observations i.e.:

- a) *Inability to comment on time frame of Trade Receivables outstanding for more than 6 months and any provision to be made for unrealisability in the carrying amount of these balances.*
- b) *The Company's operating results have been materially affected due to various factors including non-realization of debtors, erstwhile dispute amongst promoters, non-availability of finance due to recall of loans by banks in consortium, legal actions initiated by Banks, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, non-payment to creditors, defaults in repayment of loans and interest, non realization of interest on loans from subsidiaries. These events cause significant doubts on the ability of the company to continue as a going concern. We (auditors) are also unable to conclude on ability of the company to carry on as a going concern.*
- c) *Because of the significance of the matters described in the 'basis of disclaimer of opinion' paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including trade payables and statutory dues, financial difficulties faced by company due to recalling of bank finance etc., it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements. Accordingly, we (auditors) do not express an opinion on the financial statements*

Management Reply: Regarding auditors observations relating to outstanding Trade Receivables, erstwhile dispute amongst promoters, non-availability of finance due to recall of loans by banks in consortium, legal actions initiated by Banks, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, non-payment to creditors, defaults in repayment of loans and interest, non realization of interest on loans from subsidiaries and doubts on the ability of the company to carry on as a going concern, the management is of the view that due to certain unfavorable development in earlier periods on account of disputes amongst erstwhile promoters, the recovery from trade receivables are slow but at the same time management is hopeful that these trade receivables are good and recoverable. The Company is taking all possible efforts to recover old trade receivables and has initiated legal action where ever considered necessary. The company has also filed court cases in certain cases. Due to slow recovery from trade receivables, there is a temporary mismatch in the cash flow resulting in default in repayment of statutory dues and taxes, creditors, loans and interest, interest on loans from subsidiaries.

The Company is taking steps to revive its business operations and has approached consortium bankers for one time settlement.

Since the management hopes to recover all the dues from debtors, no quantification for provision for bad debts is required.

Auditors have decided not to express an opinion on the financial statement, because of the reasons as mentioned by them in their report, to which management replies may be found in the above paragraphs.

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- 4) Auditors observation : *Inventory valuation is based on determination of estimated net realizable value and specific identification involving technical judgment of the management, which has been relied upon by auditors:*

Management Reply: Management has put its best efforts in properly valuing the inventory based on determination of estimated net realizable value and specific identification.

- 5) Auditors observation : *With reference to note 8 (A) of standalone financial statements, auditors have observed that two banks have neither issued bank statements nor confirmed balance outstanding as at year-end.*

Management Reply: The management in its best judgment and as a matter of prudence believes that all the transactions have been recorded in the books of accounts.

- 6) Auditors Observation : *Auditors have drawn attention to note 37(d) of standalone financial statements, whereby they have pointed out the investment and advances made by the company in one of its subsidiaries, whose net worth is negative, Likewise, they have also observed that the company has invested in optionally convertible debentures (“OCDs”) of an entity, whose net worth has been considerably eroded.*

Management Reply: The management is of the view that the investment in the subsidiary is in the nature of long term investment and the diminution in value is temporary in nature. The management is confident that the subsidiary shall revive its operations in near future and therefore no provision is required against such investment and advances.

In case of investment in OCDs, the management is of the view that the entity has substantial business value to generate cash flow for redemption of OCDs.

- 7) Regarding auditors’ observations at point no. (a) to (e) and point no. (g) as reported by them under section 143(3), management replies may be found in the above paragraphs.

- 8) Regarding observation made by Auditors at point No. vii (a), (b) and (c) of the Annexure “A” to Auditors Report:

Management reply: The company is committed to pay all its outstanding undisputed statutory dues. Regarding the disputed outstanding taxes, the Company is confident that it will be able to get favorable orders from the concerned appellate authorities.

- 9) Regarding observation made by the Auditors at Point No. (viii) of the Annexure “A” to Auditors Report

Management Reply: Due to slow recovery from trade receivables, there is a temporary deficit in the cash flow resulting in default in repayment of dues to banks owing to which the bankers have classified the account as NPA and recalled their loans. The Company is taking all possible efforts to recover old trade receivables and has also initiated legal action where ever considered necessary. With regard to recall of loans, liquidity crunch and non-availability of finance, the Company is taking steps to revive its business operations and has approached consortium bankers with proposal of One Time Settlement (OTS).

- 10) Regarding observation made by the Auditors in the Annexure “B” to Auditors Report, whereby they have pointed out internal control weakness relating to ascertainment of customers’ credit worthiness etc., which has resulted in huge old outstanding dues from customers

Management Reply: Though the company has taken all due care at the time of sale of goods to customers, it strongly feels that the internal financial control system in this regard needs to be improvised. With regard to old outstanding dues, the Company is taking all possible efforts to recover old trade receivables and has already initiated legal action where ever considered necessary.

- 11) Regarding observation made by the Auditors in the Annexure “B” to Auditors Report, whereby they have pointed out irregularities in payment of statutory dues / taxes and interest and loan repayment to banks

Management Reply: Due to slow recovery from trade receivables, there is a temporary deficit in the cash flow resulting in default in payment of statutory dues / taxes; and repayment of dues to banks. The Company is taking all possible efforts to recover old trade receivables and revive its business operations. Nonetheless, the management is committed to pay all statutory dues/ taxes. Regarding repayment of dues to banks, the company has approached bankers with proposal of One Time Settlement.



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**SECRETARIAL AUDITORS REMARKS AND MANagements REPLIES THEREUPON**

- 1) Auditors Observation made on delay in payment of statutory dues:  
Management Reply: Due to liquidity crunch, there is delay in payment of statutory dues by the company. However, the company is committed to pay all its outstanding statutory dues.
- 2) Auditors Observation made on long outstanding Trade Receivables:  
Management Reply: The company has already filed legal suits against the overseas buyers in a few cases. Legal suits against certain other overseas buyers are in the process of being filed for the recovery of Export Outstanding.
- 3) Auditors observation relating to default in repayment of principal and interest to bankers, declaration of company's account as NPA; and recall of loans:  
Management Reply: Due to slow recovery from trade receivables, there is a temporary deficit in the cash flow resulting in default in repayment of dues to banks owing to which the bankers have classified the account as NPA and recalled their loans. The Company is taking all possible efforts to recover old trade receivables and has also initiated legal action where ever considered necessary. The Company is taking steps to revive its business operations and has approached consortium bankers with proposal of One Time Settlement (OTS).

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

**Conservation of Energy:**

The Company has taken adequate measures to conserve energy. The company is into diamond and jewellery business where the operations are not energy intensive. The company regularly evaluates and uses new energy efficient technologies and make necessary investment in these equipments to make its infrastructure more energy efficient, whenever required.

**Technology Absorption, Adoption and Innovation**

The Company uses indigenous technology for its operations. The company's products are designed and not mechanically developed, technology absorption or innovations are not of material significance.

**Research and Development**

The nature of the business of the company is categorically end user business of large size diamonds and high end jewellery wherein research and development expense are more in the nature of designing rather than development of new technology.

**Foreign Exchange Earnings and Outgo**

The information regarding foreign exchange earnings and outgo is contained in note no. 29 & 30 of notes on Financial Statements.

**GENERAL**

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:

1. Issue of sweat equity shares to employees of the company under any scheme.
2. Issue of shares under Employee Stock Option Scheme.
3. Re-appointment of an independent director for a second term of five years.
4. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries.

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5. There were no companies which have become or ceased to be Subsidiaries, Joint Ventures or associate companies during the year.
6. There was no change in nature of business.
7. There were no loans, guarantees or investments given / made by the Company under Section 186 of the Act.

### **Acknowledgement**

Your Directors place on record their gratitude to Central Government, State Governments, Financial Institutions and Company's Bankers for assistance, co-operation and encouragement they extended to the Company. The Directors are also grateful to the valued customers, esteemed shareholders, dedicated employees and public at large for their patronage and confidence reposed in the company.

On behalf of the Board of Directors  
For **Goenka Diamond and Jewels Limited**

**NANDLAL GOENKA**  
**CHAIRMAN**

**NAVNEET GOENKA**  
**VICE CHAIRMAN & MANAGING DIRECTOR**

**Place: Mumbai**  
**Date: August 17, 2017**



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## Particulars of Employees pursuant to section 197 of the Companies Act, 2013 read with Rules 5 (1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014

Requirement of Rule 5(1)	Details									
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	<b>Directors</b> 1. Mr. Nandlal Goenka : 2.55 2. Mr. Navneet Goenka : 2.04 3. Mr. Anant Upadhyay : 0.36 4. Mr. Kevin Shah : 0.36 5. Ms. Neetam Singh : 0.36									
(ii) the percentage increase / (decrease) in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Directors</b> 1. Mr. Nandlal Goenka : N.A. 2. Mr. Navneet Goenka : N.A. 3. Mr. Anant Upadhyay : N.A. 4. Mr. Kevin Shah : N.A. 5. Ms. Neetam Singh : N.A.  <b>Chief Financial Officer</b> 6. Mr. Navneet Goenka : N.A.  <b>Company Secretary</b> 7. Mr. Kundan Tanawade, CS : 8.52%									
(iii) the percentage increase in the median remuneration of employees in the financial year;	60%									
(iv) the number of permanent employees on the rolls of company;	23 Employees as on 31.03.2017									
(vii) variations in the market capitalisation of the company, and previous financial year;	<b>Market capitalization (Rs. / Crore):</b> <table border="1"> <thead> <tr> <th>As on</th> <th>As on</th> <th>%</th> </tr> <tr> <th>31.03.2016</th> <th>31.03.2017</th> <th>Increase/ decrease</th> </tr> </thead> <tbody> <tr> <td>42.16</td> <td>21.87</td> <td>(48.13%)</td> </tr> </tbody> </table>	As on	As on	%	31.03.2016	31.03.2017	Increase/ decrease	42.16	21.87	(48.13%)
As on	As on	%								
31.03.2016	31.03.2017	Increase/ decrease								
42.16	21.87	(48.13%)								
(viii) Price earnings ratio as at the closing date of the current financial year and previous financial year	<table border="1"> <thead> <tr> <th>As on</th> <th>As on</th> <th></th> </tr> <tr> <th>31.03.2016</th> <th>31.03.2017</th> <th></th> </tr> </thead> <tbody> <tr> <td>N.A.</td> <td>N.A.</td> <td>(Due to negative EPS)</td> </tr> </tbody> </table>	As on	As on		31.03.2016	31.03.2017		N.A.	N.A.	(Due to negative EPS)
As on	As on									
31.03.2016	31.03.2017									
N.A.	N.A.	(Due to negative EPS)								
(ix) Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	94.89% decline in the market quotation of the company's share in comparison to the last public offer.									
(x) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration	Average increase of Non Managerial Remuneration : 60.39%  Average increase in Managerial Remuneration : N.A.									
(xiii) affirmation that the remuneration is as per the remuneration policy of the company.	It is hereby affirmed that the remuneration paid during the year ended March 31, 2017 is as per the Remuneration Policy of the Company.									

Particulars of Employees pursuant to section 197 of the Companies Act, 2013 read with Rules 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 : Not Applicable.

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,  
The Members,  
Goenka Diamond and Jewels Limited

I have conducted the secretarial audit of the compliances of the applicable statutory provisions and the adherence to good corporate practices by **Goenka Diamond and Jewels Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and if not complied remarks or disclosure in that regard has been provided by me, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;  
As per information and explanation given to me and documents provided for inspection, the company has maintained minutes book, statutory registers as required by the Act. The Company has filed various E-Forms during the year, with payment of additional fees wherever applicable.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;  
As per information provided the Company has complied with the stated rules.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;  
As the shares of the Company are listed on BSE and NSE as per compliance requirement majority of the shares of the company are in demat form and the company complies with the Depositories Act. The RTA of the Company is M/s. Karvy Computershare Private Limited.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;  
The Company is involved in export of diamond and diamond studded Jewellery outside India and as per information and explanations given, the company is compliant with the FEMA provisions, subject to procedural delays at some occasions
- (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: Requisite disclosures were given to Stock Exchanges, whenever required.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;  
The said regulations are complied with as the insider trading intimation is given to the persons identified to be possessing price sensitive information before every Board or Members meeting and in case of any Corporate Action or announcements made to Stock Exchanges as the case may be.



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 : Not Applicable
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 : Not Applicable
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 : Not Applicable
- (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;  
M/s. Karvy Computershare Private Limited is Registrar and Transfer Agent (RTA) of the Company and is compliant with the said regulations.
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 : Not Applicable
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 : Not Applicable
- (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per information provided the Company has complied with the stated rules.

(iv) The list of other acts applicable is as under:

- Provident Fund ("PF") and other Employee Benefit related Statutes  
The Company is not regular in depositing PF and other statutory dues related to employee benefits with the respective departments and payments in respect of these dues are still not made.
- TDS and Service Tax related statutes  
The Company is not regular in depositing TDS and Service Tax with the respective departments and payments in respect of these dues are still not made.
- The Maharashtra Shops and Establishment Act, 1948.
- Prevention of Money Laundering Act.
- The Information Technology Act, 2000.
- The Indian Stamp Act, 1899/Bombay Stamp Act.
- Negotiable Instruments Act, 1881.
- Registration of any property purchase/sale/long lease.
- Wealth Tax Act, 1957
- Factories Act, 1948
- Indian Contract Act, 1872
- Maharashtra Profession Tax and other state level legislations.

The Company is not regular in making payment of these dues.

As per the information and explanation given the company has obtained various licenses as required for the purpose of factories and offices as stipulated under various acts.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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### **I further report that**

A penalty was imposed by M/s. National Stock Exchange of India Limited for non-compliance to Regulation 33 of the SEBI LODR for delay of seven days for submitting financial results for the quarter ended September 30, 2016, which was paid by the company. Apart from this, a penalty was levied by both the exchanges in Financial Year 2014-15 for non-compliance of clause 41 of the Listing Agreement, The company has paid part of the penalty and the part is still unpaid.

Due to default in payment of bank dues i.e. interest as well as principal amount, banks have recalled the loan amount resulting into the same declared as NPA.

Substantial amount is outstanding from the Overseas Debtors. Trade Receivables are outstanding for more than 6 months, for which legal cases are filed wherever considered appropriate by the company.

As per information given, adequate notices were given to all directors for the Board and Committee Meetings held from time to time.

**I 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.

Vishal N. Manseta  
Practising Company Secretary  
ACS No. A25183  
C P No.: 8981

Place : Mumbai  
Date : August 17, 2017





**Annexure to Secretarial Audit Report**

To,  
The Members,  
GOENKA DIAMOND AND JEWELS LIMITED  
(CIN No. L36911RJ1990PLC005651)

My Secretarial Audit Report is to be read along with this letter :

1. Maintenance of secretarial record as well as the compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. My examination was limited to the verification of procedures on test basis.
3. I 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. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
5. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Vishal N. Manseta**  
(Practicing company Secretary)

Place : Mumbai  
Date : August 17, 2017

**Vishal N. Manseta**  
**ACS No. A25183**

## CORPORATE GOVERNANCE

Good Corporate Governance practice lies at the foundation of our company's business ethos. The Company believes that the management is the trustee of all investors' capital. It is committed to high levels of ethics and integrity in all its business dealings that avoids all conflicts of interest. In order to conduct business with these principles, the company creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems. The report of Corporate Governance is prepared in accordance with SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI LODR'). A report on Corporate Governance is annexed to this Report.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The company is promoted by Mr. Nandlal Goenka who has around 45 years of experience in the gems and jewellery business and his son, Mr. Navneet Goenka who is supremely qualified and has acquired professional qualifications in grading and jewellery designing from Gemological Institute of America, New York.

### OVERVIEW

The company is in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. The company was initially in the business of export of coloured stones and has since then expanded into diamond trade in 1994 and manufacturing of diamond studded jewellery in 2003. Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of the company's business. The company sources rough diamonds from a variety of suppliers in Hong Kong, Malaysia, USA, Russia and the local Indian market. The company supplies the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based in India and other countries such as Hong Kong, South East Asia and USA. However, the company has not been able to perform well during the recent past including the year under review.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The domestic Gems & Jewellery market was estimated to be around USD 50 billion in 2015 and is predicted to grow at a rate of 13 % per annum by to reach USD 80-85 billion mark by 2018. Indian Gems and Jewellery industry is one of the largest in the world with a share of 29% in global jewellery consumption. India is the world's largest cutting and polishing centre for diamonds and with 8% share, India has become the world's third largest diamond consumer.

As per the Department of Commerce, Indian Gem and Jewellery sector growth is declined which also causes decline in the employment generation in this sector. As Jewellery is the Cash intensive sector which is also affected due to the programme of Digital India and introduction of new legal provision restricting cash receipt over two lacs rupees. As per World Gold Council, Indian Government's demonetization efforts, Reserve Bank of India (RBI)'s efforts of temporary restrictions on withdrawal from bank accounts and Goods and Service Tax (GST) implementation will create an impact on the Gems and Jewellery sector in India.

### SEGMENT WISE PERFORMANCE OF THE COMPANY

The company has two segments Diamond and Jewellery. Please refer to note no. 39 to Financial Statements for segment wise performance.

### OUTLOOK

For Financial Year 2017-2018, The Company will mainly focus on taking all possible efforts to recover old trade receivables. It has already initiated legal action where ever considered necessary. With regard to recall of loans, liquidity crunch and non-availability of finance, the Company will take active steps to revive its business operations; and intends to take further steps for settlement of loans,

### RISK AND CONCERNS

Looking at the scenario in India in case of gems and jewellery industry, competitor risks could arise from a growing presence of local, national and international jewelers in terms of its impact on growth and market share. Innovation

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risks could arise from an inability to innovate which could weaken the sales cycle. Commodity price fluctuation risks could arise on account of changes in the prices of diamond and gold and inconsistency in the availability of the same. These could adversely impact earnings. Diamond prices usually are not very volatile over a long period of time. Gold price risk is one of the important market risks. Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its rupee earnings.

The Company manages monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors govern how the company conducts the business and manages associated risks. The Risk Management framework is reviewed periodically by the Audit Committee.

## FACTORS AFFECTING OUR OPERATIONS

- **Gems and Jewellery Industry**

The Gems and Jewellery Industry is one of the key growth drivers for the Indian economy and effectively contribute to the country's GDP. As per the Labour bureau, during the year the Employment generation is also declined considerably. Major mining companies such as Rio Tinto, De Beers and Alrosa have decided to participate in the Indian Diamond Trading Centre (IDTC) - that will allow Indian manufacturers to directly source rough diamonds from the miners thereby reducing operational costs. Also, Increasing base of consumers as well as growth of HNIs that will contribute to the continued fast pace growth of organized jewellery retail in India and Establishing 'Diamond Bourses' to make India a international trading hub. There are more than 3,00,000 Gems & Jewellery players across the country, with majority being small players.

- **The Company may be exposed to Foreign Exchange Fluctuation**

The sector is the second largest foreign exchange earner in the Indian economy; contributing 15% to the total export earnings of the country. As per the Department of Commerce, during the year under review, The Gems and Jewellery sector's export performance is declined reasonably. The recent past has witnessed a high volatility in the foreign exchange market. In view of the fact that diamond companies have to generally extend a long credit period to its international customers, volatility in foreign exchange rates may adversely affect the revenue.

- **High Working Capital Intensive Industry vis-à-vis Low Priority Sector for Bankers**

In the diamond industry, there is a norm of longer credit period and high inventory levels, considering which it becomes high working capital intensive industry, whereas it is a low priority sector from the perspective of bankers.

- **Competition**

Since the company deals in larger size diamonds; and most of the diamond players deal in smaller size diamonds, this reduces the level of competition in the market.

- **Global Economic Scenario**

There is uncertainty in the Global Economy for Diamond Industry which affects the business operations of the Company

- **Human Capital**

The company also has processes and systems in place to help assess and rationalize manpower and other operational costs in order to enhance operational efficiencies and sustain and grow in a challenging business environment. Company recognizes their employees to be a significant part of its accomplishments. The Company helps employee's foster ambitions and sees them improve through their learning and skill development. The Company's employees are well motivated through the performance rewarding programme. The company employs total 23 permanent employees as on March 31, 2017.

- **Witnessing Changing pattern in Consumer preferences**

India is one of the leading players in the Gems and Jewellery market. Over the long term, diamond jewellery demand is likely to witness consistent growth driven by evolving lifestyles, higher disposable incomes, changing tastes and preferences, advent of the online platform and rising demand in the rural markets.

- **Internal Controls**

The company adheres to the internal control and procedures laid down in respective policies of the company. In order to ensure the above, the company has adequate internal control systems in place. These are to supervise its internal business processes across departments to ensure operational efficiency, compliance with internal policies, applicable laws and regulations, optimum resource and asset utilization, and accurate reporting of financial transactions. The adequacy and efficacy of the control environment is analyzed periodically to ensure that its robustness is reinforced in keeping with the requirements of a dynamic business environment. Observations of significance in summarized internal audit reports are reviewed by a qualified and independent Audit Committee on a regular basis.

### **Cautionary Statement**

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions are within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include changes in the government regulations, tax laws, statutes and other incidental factors as applicable to the company.

### **Acknowledgement**

Your Directors take this opportunity to express their deep sense of gratitude to the vendors, business associates, employees, investors and banks for their continued support and co-operation during the year under review.

On behalf of the Board of Directors  
For **Goenka Diamond and Jewels Limited**

**NANDLAL GOENKA**  
**CHAIRMAN**

**NAVNEET GOENKA**  
**VICE CHAIRMAN & MANAGING DIRECTOR**

**Place: Mumbai**  
**Date: August 17, 2017**

**Report on Corporate Governance**

The report of Corporate Governance under SEBI LODR is furnished below.

**Company's Philosophy on Corporate Governance:**

Your Company's Corporate Governance system is based on certain key principles, including fairness and integrity, transparency and disclosure, accountability, equal treatment to all the shareholders and social responsibility. The main objective is to create and adhere to a corporate culture of integrity and consciousness. Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target.

The Board of Directors of your company sets the overall policy and provides guidance and inputs in areas relating to planning, performance measurement, resource allocations, standards of conduct and communication.

Your Company's policies and practices relating to the Corporate Governance are discussed in the following sections:

**Board of Directors**

The Board of Directors of the company comprises of five directors; two directors namely Mr. Nandlal Goenka, Mr. Navneet Goenka are promoter and executive directors and other three directors namely Mr. Anant Upadhyay, Ms. Neetam Singh and Mr. Kevin Shah are non-executive independent directors.

The Board retains full and effective control over the organisation; and decisions on material matters are reserved by the Board. Each member of the Board of Directors of your Company is expected to use his/her professional judgement to maintain both the substance and appearance of independence and objectivity. The Board comprises individuals who are reputed in respective fields of finance, business and management. The Board meets at least four times annually and more frequently if circumstances or decisions require.

The Company has obtained the requisite disclosures from the Directors in respect of their directorship in other companies. Composition and category of the Board of Directors, their attendance at the Board meetings during the year and at the last Annual General Meeting as also their directorship in other companies and membership and chairmanship on the committees of other companies are as under:

Name of Directors	Category	Attendance Particulars		Number of other Directorships and Committee Memberships / Chairpersonships			Remarks
		Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairpersonships	
Mr. Nandlal Goenka <b>Chairman</b>	C	4	Yes	1	Nil	Nil	-
Mr. Navneet Goenka <b>Vice Chairman and Managing Director</b>	ED	4	Yes	1	Nil	Nil	-
Mr. Anant Upadhyay <b>Independent Director</b>	INED	4	No	Nil	1	1	-
Ms. Neetam Singh <b>Independent Director</b>	INED	4	No	Nil	2	Nil	-
Mr. Kevin Shah <b>Independent Director</b>	INED	4	Yes	Nil	1	1	-

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

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Notes:

1. The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Private Limited Companies and Section 8 Companies.
2. In accordance with Regulation 26(1) of the SEBI LODR, Membership/ Chairmanship of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies have been considered.

### Board Meetings held during the year 2016-2017

The day to day matters concerning the business is conducted by the executives of the Company under the direction of Executive Directors with the supervision of the Board. During the year under review, Four meetings of the Board were held on 26.05.2016, 09.08.2016, 12.11.2016 adjourned to 19.11.2016 (\*), and 14.02.2017. The agenda along with notice and supporting documents/papers was circulated to Directors in advance. The draft minutes of the Board and Committee meetings were circulated to all the Directors after meeting. The minutes of the previous meeting were confirmed and signed by the Chairman in the next meeting held thereafter.

\* The meeting was scheduled on November 12, 2016 which was adjourned to November 19, 2016 for want of quorum.

### RELATIONSHIP INTER-SE

The following Directors of the Company are related to each other in the manner mentioned below:

Sl. No.	Name of Directors	Relationship Inter-se
1.	Mr. Nandlal Goenka	Father of Mr. Navneet Goenka
2.	Mr. Navneet Goenka	Son of Mr. Nandlal Goenka

No Directors, other than those mentioned above, are in any way related to each other.

### FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of the programme for familiarisation of the Independent Directors with the Company in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company and related matters are put up on the website of the Company i.e. [www.goenkadiamonds.com](http://www.goenkadiamonds.com)

### Audit Committee

The Audit Committee comprised of the following Independent Non-Executive Directors:

**Chairman** : Mr. Kevin Shah  
**Members** : Mr. Anant Upadhyay  
                  Ms. Neetam Singh

The members of the Committee were well versed with the accounting and financial management. The Committee reviewed the quarterly financial results, half yearly financial results, annual financial results and internal control system of the Company. Valuable suggestions and guidance received from the members of the Committee add strength to its operations. The role and terms of reference stipulated by the members of the Audit Committee covers area mentioned under Regulation 18 and Schedule II part C of the SEBI LODR and Section 177 of the Companies Act, 2013.

The Statutory Auditors of the Company have attended the meetings of the Committee. The Company Secretary was the Secretary of the Audit Committee.



During the year under review, the Audit Committee met for Four times viz.,

<b>Date of the Meeting</b>	<b>Quorum</b>
26.05.2016	3
09.08.2016	3
19.11.2016 (*)	3
14.02.2017	3

\* The meeting was scheduled on November 12, 2016 which was adjourned to November 19, 2016 for want of quorum.

The Chairman of the Audit Committee was present at the 26<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2016.

The terms of the reference of the Audit Committee are as per the guidelines set out in SEBI LODR and Section 177 of the Companies Act, 2013 and inter alia it briefly includes the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to :
  - i) Matters required to be included in the Directors' Responsibility Statement which forms part of the Directors' Report pursuant to section 134(3)(c) and (5) of the Companies Act, 2013.
  - ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv) Significant adjustments made in the financial statements arising out of audit findings;
  - v) Compliance with the listing and other legal requirements relating to financial statements;
  - vi) Disclosure of any related party transactions;
  - vii) Qualifications in the draft audit report.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- f) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- h) Reviewing the adequacy on internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- i) Discussion with internal auditors on any significant findings and follow up thereon;
- j) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the Board;
- k) Discussion with the statutory auditors before audit commences, about the nature and scope of audit as well as a post audit discussion to ascertain any area of concern;
- l) To look into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of default in payment of declared dividend) and creditors;
- m) To review the functioning of the Whistle Blower Policy mechanism, if any, adopted and framed from time to time;
- n) Carrying out any other function as may be mentioned in the terms of reference of the committee from time to time ; and
- o) Any other area of activities as may be covered within the gamut of scope of Audit Committee by any Statutory Enactment(s) from time to time.

### **Nomination and Remuneration Committee**

The Company has a Nomination and Remuneration Committee. The Nomination and Remuneration Committee recommends the remuneration payable to the Executive Directors and any increments thereof within the maximum limits as approved by the shareholders from time to time.

### **EXTRACT OF REMUNERATION POLICY**

#### **1. OBJECTIVE**

This Policy aims to attract, retain and motivate the Members of the Board of Directors, Senior Managers viz: CEO, and other employees who are at one level below the Key Managerial Personnel or Functional Heads of the Company, by remunerating them reasonably and sufficiently so as to run the operations of the Company smoothly. The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

#### **2. GUIDING PRINCIPLES**

The guiding principle of this Policy is that the remuneration and other terms of engagement / employment shall be competitive enough to ensure that the Company is in a position to attract, retain and motivate right kind of human resource(s) for achieving the desired growth set by the Company's management year on year thereby creating long-term value for all stakeholders of the Company. While designing the remuneration package, efforts are made to ensure that the remuneration matches the level in comparable companies, whilst also taking into consideration requisite competencies, qualifications, industry experience, efforts required and the scope of the work.

The Nomination and Remuneration Committee while considering a remuneration package shall ensure balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

The Nomination and Remuneration Committee believes that a successful remuneration policy must ensure that a significant part of the remuneration package should be linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.





**2.1. REMUNERATION OF EXECUTIVE MEMBERS ON THE BOARD:**

Any Executive Member(s) on the Board shall be paid remuneration which may comprise of fixed monthly basic salary, perquisites such as House Rent Allowance or furnished /unfurnished housing accommodation in lieu thereof, car with or without chauffeur, telephone for office as well as personal use, stock options, statutory and non-statutory allowances such as education allowances, travel allowances, subscription allowances etc. as may be recommended by the Nomination and Remuneration Committee / Board of Directors and approved by the Members of the Company from time to time.

However, the overall remuneration of executive member(s) on the Board shall not exceed the applicable limits prescribed under the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

Executive members of the Board shall not be eligible to receive any sitting fees for attending any meeting of the Board of Directors or Committee thereof.

The performance of the executive members of the Board shall be evaluated by the Independent Directors on an annual basis.

**2.2. REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD:**

Non-Executive member(s) of the Board shall be entitled to receive such amount as may be decided by the Board but not limited to sitting fees. Such amount may be prescribed as reimbursement of legitimate expenses to attend the Board and Committee meeting or to perform the functions incidental and ancillary thereto or in performing such other duties cast upon them by the Board.

However, the overall remuneration of Non-Executive member(s) on the Board shall not exceed the applicable limits prescribed under the Companies Act, 2013 and Rules framed there under, as amended from time to time.

Independent Director(s) of the Company may be entitled to any stock option issued or proposed to be issued by the company, subject to compliance with the provisions of the Act and Rules & Regulations made there under and as amended from time to time.

The performance of the non-executive members of the Board shall be evaluated by the Board on an annual basis.

**Remuneration of Executive Management comprising of Senior Management & Key Managerial Personnel:**

The Company believes that a combination of fixed and performance-linked pay to the Executive Management shall ensure that the company can attract and retain key employees. The performance-linked incentive based on Company performance and performance of the employee concerned each year shall be considered and approved by the Nomination & Remuneration Committee, annually inter-alia for the Executive Management. Additionally subject to appropriate approval of shareholders, the Company may consider issuance of stock options to Senior Management.

The Nomination & Remuneration Committee will from time to time consider proposals concerning the appointment and remuneration of the Key Managerial Personnel and ensure that the proposed remuneration is in line with industry standards in comparable companies. Such proposals then shall be submitted to the Board for approval. The remuneration of the members of the Executive Management may consist of the following components:

1. Basic salary and Allowances
2. Performance linked incentive / bonus
3. Stock options
4. Perquisites as per rules of the Company including Company car, telephone etc.

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Executive Management shall not be eligible to receive any remuneration, including sitting fees, for directorships in the Company.

The Remuneration Committee comprises of the following Independent Non-Executive Directors:

<b>Chairperson</b>	:	Ms. Neetam Singh
<b>Members</b>	:	Mr. Anant Upadhyay Mr. Kevin Shah

The Company Secretary of the Company acts as the Secretary of the Committee.

During the year under review, the Nomination and Remuneration Committee met once.

Date of the Meeting	Quorum
19.11.2016 (*)	3

\* The meeting was scheduled on November 12, 2016 which was adjourned to November 19, 2016 for want of quorum.

The details of the Remuneration paid to the Executive Directors for the year ended 31st March 2017 and sitting fees to the Non-Executive Independent Directors for meetings of Directors and Committees of Directors are as follows:

Name	Designation	Remuneration for 2016-17 (in Rs.)				No. of shares held as on 31.03.2017
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. Nandlal Goenka	Chairman	600000	-	43200	643200	26088750
Mr. Navneet Goenka	Vice-Chairman & Managing Director and CFO	480000	-	34560	514560	111615000
Mr. Anant Upadhyay	Independent, Non Executive	-	85500	-	85500	Nil
Ms. Neetam Singh	Independent, Non Executive	-	85500	-	85500	Nil
Mr. Kevin Shah	Independent, Non Executive	-	85500	-	85500	Nil

Apart from the sitting fees that are paid to the Non-Executive Independent Directors for attending the Board / Committee Meetings, no other fees/commission were paid during the year. No significant material transactions have been made with the Non-Executive Independent Directors vis-à-vis the Company.

- All decisions relating to the remuneration of Directors are taken by the Nomination and Remuneration Committee in accordance with the approval received from Board as well as the members of the Company.
- The Directors' remuneration as mentioned above consists of fixed salary component payable to them. There is no performance linked incentives payable to Directors for achievement of targets.
- During FY 2016–2017, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR, a separate exercise was carried out by Independent Directors to evaluate the performance of Non-Independent Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement, contribution and independence of judgment thereby safeguarding the interest of the Company.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The Board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as Stakeholders Relationship Committee. The Directors expressed their satisfaction with the annual evaluation process.

**STAKEHOLDERS RELATIONSHIP COMMITTEE****Terms of Reference**

The Stakeholders Relationship Committee is comprising the following Directors to approve/reject the transfer/transmission/rematerialisation of equity shares, issue of duplicate certificates, to supervise all the operations of the Registrar and Share Transfer Agents and to look into the Investors' complaints, if any, and to redress the same expeditiously.

The Stakeholders Relationship Committee comprises of the following Independent Non-Executive Directors:

<b>Chairman</b>	:	Mr. Anant Upadhyay
<b>Members</b>	:	Ms. Neetam Singh Mr. Kevin Shah

The Company Secretary is the Compliance Officer of the Company for matters relating to Shareholders, Stock Exchanges, the Securities and Exchange Board of India (SEBI) and other related regulatory authorities.

During the year under review, the Stakeholders Relationship Committee met twice.

<b>Date of the Meeting</b>	<b>Quorum</b>
26.05.2016	3
19.11.2016 (*)	3

\* The meeting was scheduled on November 12, 2016 which was adjourned to November 19, 2016 for want of quorum.

Mr. Kundan Tanawade Company Secretary has been appointed as the Compliance Officer of the Company for handling the investor complaints.

**Status of Shareholders'/Investors' Complaints**

<b>Particulars</b>	<b>No. of Complaints</b>
Complaints pending as on April 1, 2016	NIL
Complaints received during the period April 1, 2016 to March 31, 2017	02
Complaints resolved during the period April 1, 2016 to March 31, 2017	02
Complaints outstanding as on March 31, 2017	NIL

During the year under review, all requests/ complaints were attended to promptly and resolved to the satisfaction of the shareholders.

No request of transfer and no request for dematerialization were pending for approval as on 31<sup>st</sup> March 2017.

**GENERAL BODY MEETINGS****Location and time of last three Annual General Meetings:**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>Special Resolutions</b>	<b>Postal Ballot</b>
2013-2014	Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004	30.12.2014	11:00 a.m.	-	N.A.
2014-2015	Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004	30.09.2015	11:00 a.m.	1	N.A.
2015-2016	Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004	29.09.2016	11:00 a.m.	-	N.A.

No resolution was passed through postal ballot during last year.

### Disclosures

#### a) **Related parties transactions**

None of the Company's transactions for the related parties were in conflict with the interest of the Company. The transactions with the related parties are disclosed in Note No. 32 and 41 of Notes on Financial Statements of the year. There were no materially significant transactions with related parties, during the financial year under review.

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

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non – compliance of any matter related to the capital markets during the financial year 2016-2017. However, at one occasion the penalty was imposed by National Stock Exchange of India Limited for non-compliance to Regulation 33 of the SEBI LODR for delay of seven days for submitting financial results for the quarter ended September 30, 2016, which was paid by the company. Apart from this, a penalty was levied by both the Stock exchanges pursuant to Clause 41 of the Listing Agreement in the FY 2014-15 out of which part payment was made by the Company.

#### c) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The Company has complied with all applicable requirements of the SEBI LODR. Given below is the gist of the mandatory and non-mandatory requirements complied with by the company:

##### A) **Compliance with mandatory requirements**

###### a) **Management Discussion and Analysis**

A management discussion and analysis report forms part of the Annual Report and includes discussion on various matters specified under SEBI LODR.

###### b) **Subsidiaries**

All the Subsidiary Companies are managed with their Boards having the rights and obligations to manage the Company in the best interest of the stakeholders. As a majority stakeholders, the Company monitors the performance of such companies.

###### c) **Secretarial Audit for reconciliation of capital**

A qualified Practicing Company Secretary has carried out secretarial audit for every quarter to reconcile the total admitted capital with both the depositories; viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit report confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialized shares held with NSDL and CDSL. The Company had submitted the audit report for reconciliation of share capital to BSE and NSE within 30 days from the end of each quarter in accordance with the SEBI requirements.

###### d) **Code for prevention of Insider Trading**

The Company has adopted a code on prevention of Insider Trading in compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

###### e) **CEO/CFO Certification**

A certificate as required under the SEBI LODR from Chief Executive Officer and Chief Financial Officer was placed before the Board.

**f) Risk Management**

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company's management systems, organisational structures, processes, standards, code of conduct and behaviors govern how the company conducts the business and manages associated risks.

**g) Code of Conduct**

The Company has laid down a code of conduct for the Directors and its senior management. The code has been posted on the Company's website. Pursuant to Regulation 26(5) of the SEBI LODR, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. Pursuant to Regulation 26(3) of the SEBI LODR, all the Board members and senior management of the Company as on March 31, 2017 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the Chairman and acting CEO is annexed hereto.

**B) Compliance with non- mandatory requirements****a) Board**

The Board has an Executive Chairman.

**b) Shareholder's Right**

A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. However, the Company publishes its results on its website at [www.goenkadiamonds.com](http://www.goenkadiamonds.com), which is accessible to the public at large.

**c) Audit Qualification**

In respect of the observations made by Auditors in their report, your Directors wish to state that the replies to the material observations have been given in the Directors Report. For the other observations, respective notes on financial statements are self-explanatory and do not call for further comments.

**d) Separate Post of Chairman and CEO**

The chairman of the company Mr. Nandlal Goenka is the acting CEO.

**e) Reporting of internal auditor**

The internal audit reports are reviewed independently by the audit committee every quarter.

**MEANS OF COMMUNICATION**

The Company believes that all stakeholders should have access to adequate information, regarding the Company's position to enable them to accurately assess its future potential. Pursuant to the SEBI LODR, all information which could have a material bearing on the Company's share price is released at the earliest.

The quarterly, half-yearly and yearly results are submitted to the Stock Exchanges in accordance with the SEBI LODR and are published in The Financial Express, National Newspaper (English), Apla Mahanagar (Marathi) and Jaipur Mahanagar Times Regional Newspaper (Rajasthan). The financial results and official news releases were displayed on the Company's web site [www.goenkadiamonds.com](http://www.goenkadiamonds.com).

Official news/ press release are sent to the Bombay Stock Exchange and National Stock Exchange of India Limited, where the equity shares of the Company are listed.

The Management Discussion and Analysis Report forms part of the Annual Report. There were no presentations made to the institutional investors or analysts separately.

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### GENERAL SHAREHOLDER INFORMATION

a) **Annual General Meeting:**

Date and Time : Friday, 29<sup>th</sup> September, 2017 at 11.00 a.m.  
Venue : Bungalow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004  
Financial year : 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017

b) **Financial Calendar : 2017-2018 (Tentative)**

Annual General Meeting – Next Year Board Meetings:	September 2018
- Results for the quarter ending 30 <sup>th</sup> June 2017	By September 14, 2017
- Results for the quarter ending 30 <sup>th</sup> September 2017	By December 14, 2017
- Results for the quarter ending 31 <sup>st</sup> December 2017	By February 14, 2018
- Results for the year ending 31 <sup>st</sup> March 2018	By May 30, 2018

- c) **Dividend Payment Date** : Nil
- d) **Book Closure Date** : 25<sup>th</sup> September, 2017 to 29<sup>th</sup> September, 2017  
(both days inclusive)
- e) **Cut Off Date for E-voting** : 22<sup>nd</sup> September 2017 (For AGM to be held on  
29<sup>th</sup> September 2017)
- f) **Listing on Stock Exchanges** : The Equity Shares of the Company got listed on April 16,  
2010 with the following Stock Exchanges:-
- a) Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400001.
  - b) The National Stock Exchange of India Ltd  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400051.
- g) **Stock Code**
- (1) Trading Symbol at : Bombay Stock Exchange - 533189  
National Stock Exchange of India Ltd.– GOENKA
- (2) Demat ISIN Number : INE516K01024  
(NSDL & CDSL)

(Note: Annual listing fees for the year 2016-2017 have been paid to all the above Stock Exchanges)



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## h) Stock Market Data

The shares of the company got listed with Bombay Stock Exchange Limited and National Stock Exchange of India Ltd on April 16, 2010.

Month	Bombay Stock Exchange (BSE) In (Rs.)		National Stock Exchange (NSE) In (Rs.)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2016	1.50	1.25	1.45	1.20
May, 2016	1.39	1.09	1.40	1.05
June, 2016	1.09	0.92	1.15	0.90
July, 2016	1.07	0.91	1.00	0.90
August, 2016	0.99	0.80	1.00	0.75
September, 2016	0.94	0.81	1.00	0.80
October, 2016	0.88	0.69	0.85	0.70
November, 2016	0.80	0.70	0.85	0.70
December, 2016	0.85	0.72	0.85	0.70
January, 2017	0.84	0.73	0.85	0.70
February, 2017	0.83	0.68	0.85	0.70
March, 2017	0.77	0.63	0.75	0.60

## i) Performance of the share price of the Company in comparison to the BSE Sensex and CNX Nifty on month-wise closing during the year:

Month	BSE		NSE	
	Goenka	Sensex	Goenka	Nifty
April -16	1.34	25607	1.30	7850
May-16	1.13	26668	1.05	8160
June -16	0.99	27000	1.00	8288
July-16	0.99	28052	1.00	8639
August-16	0.88	28452	0.90	8786
September-16	0.89	27866	0.80	8611
October-16	0.80	27930	0.80	8626
November-16	0.75	26653	0.70	8225
December-16	0.82	26626	0.70	8186
January-17	0.79	27656	0.75	8561
February-17	0.74	28743	0.70	8880
March-17	0.69	29621	0.65	9174

## j) Registrar and Share Transfer Agents:

Karvy Computershare Pvt. Ltd.  
(Unit: Goenka Diamond and Jewels Limited)  
Karvy Selenium, Tower – B, Plot No. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad, 500032  
Phone No. 040 – 67161565

## k) Share Transfer System:

Shares sent for the physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Stakeholders Relationship Committee meets as often as required. There were no share transfers in physical form during 2016-17 and no share transfer was pending as on March 31, 2017.

## 27<sup>th</sup> Annual Report 2016 - 2017

### l) Dematerialization of Equity Shares

The Company's shares are traded in dematerialized form only. To facilitate trading in dematerialized form there are two depositories, i.e., National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company has entered into an agreement with both these depositories. The shareholders can open account with any of the depository participants registered with any of these depositories. As on March 31, 2017 only 365 Equity Shares out of 31,70,00,000 equity shares of the Company are in physical form and 31,69,99,635 equity shares of the Company are in dematerialized form.

### h) Demat Suspense Account

There are no shares lying in the Demat Suspense Account.

### m) Distribution of Shareholdings as on March 31, 2017

Shareholding of nominal value	Shareholders		Share Amount		
	In Rs.	Number	% to Total Nos.	In Rs.	% to Total Amt.
Upto - 5000		9654	84.70	11263767.00	3.55
5001 - 10000		791	6.94	6263222.00	1.98
10001 - 20000		474	4.16	7058286.00	2.23
20001 - 30000		151	1.32	3775462.00	1.19
30001 - 40000		72	0.63	2562184.00	0.80
40001 - 50000		52	0.46	2431469.00	0.77
50001 - 100000		100	0.88	7693409.00	2.43
100001 and above		104	0.91	275952201.00	87.05
<b>TOTAL</b>		<b>11398</b>	<b>100.00</b>	<b>317000000.00</b>	<b>100.00</b>

### n) Shareholding Pattern as on March 31, 2017

Category of Shareholders	Holding %
Promoters / Directors/Relatives – Indian	70.47
International Investors (FIIs/NRIs/OCBs)	0.83
Bodies Corporate	6.23
Resident Indians	20.00
Others	2.47
<b>Total</b>	<b>100.00</b>

- o) **Address for Investors Correspondence** : Karvy Computershare Pvt. Ltd  
(For transfer/dematerialisation of Shares and any other query)  
(Unit Goenka Diamond and Jewels Ltd.)  
Karvy Selenium, Tower- B, Plot No 31 & 32,  
Financial district,  
Hyderabad, 500032  
Tel.: 040 67161700  
Fax: 040 67161680  
Website : www.karvy.com
- p) **Email Id for investors correspondence** : [cs@goenkadiamonds.com](mailto:cs@goenkadiamonds.com)





## GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

q) **Any query on Annual Report**

Mr. Kundan Tanawade  
Company Secretary  
Goenka Diamond & Jewels Limited  
1305, Panchratna, Opera House,  
Mumbai – 400004  
Tel.: + 91 22 43667000  
Fax: + 91 22 43669000  
e-mail: cs@goenkadiamonds.com

r) **Outstanding GDR/ADR/Warrants/convertible instruments**

The Company has not issued any GDR/ADR/Warrants/convertible instruments during the Financial Year 2016-2017.

s) **Commodity Price Risks / Foreign Exchange Risk And Hedging Activities**

The Company does not trade in commodity market. The Company has in place a robust risk management framework for identification and monitoring and mitigation foreign exchange risks.

t) **Plant Locations**

The Company has diamond processing unit at Surat. However the operations are temporarily closed.

u) **Subsidiary Companies**

The Company has adopted policy for Determining Material Subsidiaries, pursuant to the SEBI LODR. This policy is available on the Company's website. The Company does not have any material unlisted Indian Subsidiary Company during the year under review.

v) Disclosures on compliance with Corporate Governance requirements specified in regulation 17 to 27 of the SEBI LODR have been included in the relevant places of this report. Appropriate information has been placed on the Company's website pursuant to the SEBI LODR.

On behalf of the Board of Directors of  
**For Goenka Diamond and Jewels Limited**

Place: Mumbai  
Date: August 17, 2017

**Kundan Tanawade**  
Company Secretary & Compliance Officer

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on March 31, 2017**

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

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L36911RJ1990PLC005651
2.	Registration Date	November 05, 1990
3.	Name of the Company	Goenka Diamond And Jewels Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office & contact details	401, Panchratana, M.S.B. Ka Rasta, Johari Bazar, Jaipur – 302004 (Phone No. : 0141 – 2574175)
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District Hyderabad- 500 032 Tel.: 040 67161700 Fax: 040 67161680 Website: www.karvy.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cutting and polishing of diamonds and manufacturing and retailing of diamond/ jewellery	321	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

All the business activities contributing 10 % or more of the total turnover of the company are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company	Applicable sections
A	Holding Company	NA	NA	NA
B	Subsidiary Companies – Indian	NA	NA	NA
C	Subsidiary Companies – Abroad			
1	M.B. Diamond LLC – Russia	321	100%	Section 2(87)
2	Goenka Diamond & Jewels DMCC – Dubai	321	100%	Section 2(87)



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/ HUF	223428000	-	223428000	70.48%	223405500	-	223405500	70.47%	-0.1%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	223428000	-	223428000	70.48%	223405500	-	223405500	70.47%	-0.1%
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	0%
b) Banks / FI	5993904	-	5993904	1.89%	5993904	-	5993904	1.89%	0%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	1090979	-	1090979	0.34%	-	-	-	0%	-0.34%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	7084883	-	7084883	2.23%	5993904	-	5993904	1.89%	-0.34%
2. Non-Institutions									
a) Bodies Corp.	21337305	-	21337305	6.73%	19735248	-	19735248	6.23%	-0.50%
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹. 2 lakhs	42082611	365	42082976	13.28%	41942259	365	41942624	13.23%	-0.05%
ii) Individual shareholders holding nominal share capital in excess of ₹. 2 lakhs	20599402	-	20599402	6.50%	23246336	-	23246336	7.33%	+0.83%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	2423931	-	2423931	0.76%	2630966	-	2630966	0.83%	+0.07%
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	26003	-	26003	0.01%	27422	-	27422	0.01%	+0.00%
Trusts	-	-	-	-	500	-	500	0.00	+0.00%
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
NBFC	17500	-	17500	0.01%	17500	-	17500	0.01%	0.00
<b>Sub-total (B)(2):-</b>	86486752	365	86487117	27.29%	87600231	365	87600596	27.64%	+0.35%
Total Public Shareholding (B)=(B)(1)+(B)(2)	93571635	365	93572000	29.52%	93594135	365	93594500	29.53	+0.01%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	316999635	365	317000000	100.00%	316999635	365	317000000	100.00%	0%

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### B) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2016)			Shareholding at the end of the year (March 31, 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	NAVNEET GOENKA	111615000	35.21%	6.46%	111615000	35.21%	6.46%	-
2	#NIRMALA NANDLAL GOENKA	51326250	16.19%	-	51326250	16.19%	-	-
3	NAND LAL GOENKA HUF	34200000	10.79%	-	34200000	10.79%	-	-
4	NANDLAL SHUBHKARAN GOENKA	26088750	8.23%	6.46%	26088750	8.23%	6.46%	-
5	DHRITI SINGHVI	138000	0.04%	-	138000	0.04%	-	-
6	BHAWNA NAVNEET GOENKA	22500	0.01%	-	-	-	-	(0.01%)
7	NAMITA JAIN	18750	0.01%	-	18750	0.01%	-	-
8	NEETA SARAF	18750	0.01%	-	18750	0.01%	-	-
	<b>Total</b>	<b>223428000</b>	<b>70.48%</b>	<b>12.92%</b>	<b>223405500</b>	<b>70.47%</b>	<b>12.92%</b>	<b>(0.01%)</b>

# Out of 51326250 Equity Shares, 40976250 shares were transferred by Mr. Nitin Goenka during Financial Year 2013-14 to Mrs. Nirmala Goenka, which are frozen; and are lying in latter's demat account; and carry no voting rights.

### C) Change in Promoters' Shareholding

SN	Particulars	Shareholding at the beginning of the year		Increase/ (Decrease) during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	223428000	70.48%				
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):			*(22,500)	(0.01%)	223405500	70.47%
	At the end of the year					223405500	70.47%

\* The shares were sold by one of the promoters on July 15, 2016.



# GOENKA DIAMOND AND JEWELS LIMITED

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## D) Change in Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (April 01, 2016)		Shareholding at the End of the year (March 31, 2017)	
	No. of shares	% of Equity Capital	No. of shares	% of Equity Capital
GENERAL INSURANCE CORPORATION OF INDIA \$	5993904	1.89%	5993904	1.89%
SALMAN KHAN \$	2900000	0.91%	2900000	0.91%
ANKIT JAIN \$	2754820	0.87%	2754820	0.87%
A. JAIN & CO. PVT LTD @	-	0.00%	2500000	0.79%
B SUMANTHKUMAR REDDY \$	2294447	0.72%	2294447	0.72%
RITU JAIN \$	2284612	0.72%	2284612	0.72%
HARITHA BATHINA \$	1950136	0.62%	1950136	0.62%
TRACK HOLDINGS PRIVATE LIMITED \$	1696260	0.54%	1696260	0.54%
DECENT FINANCIAL SERVICES PVT LTD \$	1422660	0.45%	1422660	0.45%
MARUTINANDAN COMMOTRADE PVT. LTD \$	4127765	1.30%	3647515	1.15%
VIMGI INVESTMENTS PVT LTD #	3086074	0.97%	-	0%

Note:

1. The shares of the Company are substantially held in dematerialised form and are traded on a daily basis and hence date wise increase/decrease in shareholding is not indicated.
2. \$ denotes common top 10 shareholders as on April 1, 2016 and March 31, 2017.
3. # denotes shareholders who were in top 10 shareholders as on April 1, 2016, but not as on March 31, 2017.
4. @ denotes shareholders who were in top 10 shareholders as on March 31, 2017, but not as on April 1, 2016.

## E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year (April 01, 2016)		Cumulative Shareholding during the Year (2016-17)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (April 01, 2016)	Refer Annexure I			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
3	At the end of the year (March 31, 2017)				

## Annexure I

SN	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2016)		Cumulative Shareholding during the Year (2016-17)		Change in %
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	Navneet Goenka	111615000	35.21%	111615000	35.21%	NIL
2	NANDLAL SHUBHKARAN GOENKA	26088750	8.23%	26088750	8.23%	NIL
3	NAND LAL GOENKA HUF	34200000	10.79%	34200000	10.79%	NIL
4	#NIRMALA NANDLAL GOENKA	51326250	16.19%	51326250	16.19%	NIL
5	DHRITI SINGHVI	138000	0.04%	138000	0.04%	NIL
6	BHAWNA NAVNEET GOENKA	22500	0.01%	0.00 (*)	0.00%	(0.01%)
7	NAMITA JAIN	18750	0.01%	18750	0.01%	NIL
8	NEETA SARAF	18750	0.01%	18750	0.01%	NIL

# Out of 51326250 Equity Shares, 40976250 shares were transferred by Mr. Nitin Goenka during Financial Year 2013-14 to Mrs. Nirmala Goenka, which are frozen; and are lying in latter's demat account; and carry no voting rights.

Note: 22,500 shares were sold on July 15, 2016.

## V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ In Lakh)

Particular	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	17132.94	-	-	17132.94
ii) Interest due but not paid	530.79	-	-	530.79
iii) Interest accrued but not due	147.00	-	-	147.00
<b>Total (i+ii+iii)</b>	<b>17810.73</b>	<b>-</b>	<b>-</b>	<b>17810.73</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	86.46	-	-	86.46
* Reduction	339.57	-	-	339.57
<b>Net Change</b>	<b>(253.11)</b>	<b>-</b>	<b>-</b>	<b>(253.11)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	17026.83	-	-	17026.83
ii) Interest due but not paid	530.79	-	-	530.79
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>17557.62</b>	<b>-</b>	<b>-</b>	<b>17557.62</b>



# GOENKA DIAMOND AND JEWELS LIMITED

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## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lakh)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Nandlal Goenka (Chairman & WTD)	Navneet Goenka (Vice-Chairman & MD)	
1	Gross salary	6.43	5.15	11.58
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.00	4.80	10.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.43	0.35	0.78
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	<b>Total (A)</b>	<b>6.43</b>	<b>5.15</b>	<b>11.58</b>
	Ceiling as per the Act	The ceiling is Rs. 60 Lakhs as per Section II of Schedule V of the Companies act, 2013		

### B. Remuneration to other directors

(₹ In Lakh)

SN.	Particulars of Remuneration	Name of Directors			Total Amount
		Sitting Fees	Commission	Others	
1	<b>Independent Directors</b>				
	Mr. Anant Upadhyay	0.855	-	-	0.855
	Ms. Neetam Singh	0.855	-	-	0.855
	Mr. Kevin Shah	0.855	-	-	0.855
	<b>Total (1)</b>	<b>2.565</b>	-	-	<b>2.565</b>
2	Other Non-Executive Directors	Not Applicable			
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	<b>Total (2)</b>				
	<b>Total (B)=(1+2)</b>	<b>2.565</b>	-	-	<b>2.565</b>
	Overall Ceiling as per the Act	No remuneration was paid apart from sitting fees.			

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

(Rs. In Lakh)

SN	Particulars of Remuneration	Key Managerial Personnel Kundan Tanawade (Company Secretary)
1	Gross salary	7.644
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.644
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	others, specify...	-
5	Others, please specify	-
	<b>Total</b>	<b>7.644</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable**

There were no penalties/punishment/compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.





# GOENKA DIAMOND AND JEWELS LIMITED

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**DECLARATION BY CEO UNDER REGULATION 26(3)  
READ WITH PARA D OF SCHEDULE V OF THE SEBI  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)  
REGULATIONS, 2015 REGARDING ADHERANCE TO THE CODE OF CONDUCT**

Pursuant to Regulation 26(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and Senior Management personnel have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2017.

**For Goenka Diamond and Jewels Limited  
Nandlal Goenka  
Chairman and Acting CEO**

Place: **Mumbai**  
Date: **May 30, 2017**

**CERTIFICATE BY THE PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE**

To,  
The Members of  
**Goenka Diamond and Jewels Limited**

I have examined the compliance of conditions of Corporate Governance by Goenka Diamond & Jewels Limited, for the year ended on March 31, 2017, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the management I certify that the company has generally complied with conditions of Corporate Governance as stipulated except adjournment of board meeting for the results of Quarter ended September 2016, seven days beyond the permissible time as stated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015..

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

**VISHAL N MANSETA**  
**Practicing Company Secretary**  
**C.P. No. : 8981**  
**ACS No. : 25183**

Place : Mumbai  
Date : August 17, 2017



**CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY**

We, Nandlal Goenka, Chairman & an acting CEO and Navneet Goenka, CFO & Managing Director of Goenka Diamond & Jewels limited (“the Company”), certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2017 are fraudulent, illegal or violative of the Company’s Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting.
  - (ii) Significant changes in accounting policies; and
  - (iii) That there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company’s internal control system over financial reporting.

On behalf of the Board of Directors  
For **Goenka Diamond and Jewels Limited**

**NANDLAL GOENKA**  
**CHAIRMAN**

**NAVNEET GOENKA**  
**VICE CHAIRMAN & MANAGING DIRECTOR**

**Place: Mumbai**  
**Date: May 30, 2017**

## INDEPENDENT AUDITOR'S REPORT

To the Members of Goenka Diamond and Jewels Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Goenka Diamond and Jewels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 financial statements that give a 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 the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

*Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.*

### Basis of Qualified Conclusion

a. *Refer Note No. 7(b), 16 (b) and 18 (a) regarding following monetary items denominated in foreign currency has not been reported using the closing rate as at year end and has been carried forward at the rate as at 31st March 2015 and / or 31st March 2016, which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates"*

- i) *Trade Receivables outstanding amounting to ₹. 698,06,98,626/-.*
- ii) *Advance given to a subsidiary amounting to ₹. 59,78,485/- .*
- iii) *Trade Payables outstanding amounting to ₹. 297,12,78,902/-.*

*Accordingly, the Trade Receivables and Advances are understated by ₹.7,33,59,120/- and ₹.144,155/- respectively and Trade Payables are overstated by ₹.3,28,29,113/- resulting in understatement of exchange loss for the year by ₹.16,76,31,547/- and understatement of cumulative gain due to exchange differences by ₹.10,63,32,388/-.*

b. *Refer Note No. 37 (c) regarding non-provision of interest on borrowings amounting to ₹. 30,82,00,689/- as the banks have classified the Company's account as Non-performing Asset and the management has submitted one-time settlement proposal, which is still pending with banks. Accordingly, finance cost and current liabilities is under stated by ₹.30,82,00,689/-.*



*Had these exchange differences been provided for the year and the Interest been accounted for, the loss after tax for the year would have been increased by ₹.47,58,32,236/- and Reserves and Surplus is cumulatively overstated by ₹.20,18,68,301/- as at the year end.*

**Basis for Disclaimer of Opinion**

- a. *Refer Note No. 16(a) & (b) regarding Trade Receivables amounting to ₹.698,81,90,359/- includes ₹.698,55,43,180/- outstanding of more than six months from due date. There have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are not significant. Further, no confirmations have been received / obtained from the Trade Receivables. In view of the above we are unable to comment on the time-frame of the realisability of these debts and any provision to be made for un-realisability in the carrying amount of these balances and the consequent impact on the financial statements.*
- b. *The Company's operating results have been materially affected due to various factors including non-realization of debtors, erstwhile dispute amongst promoters, non-availability of finance due to recall of loans by banks in consortium, legal actions initiated by Banks, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, non-payment to creditors, defaults in repayment of loans and interest, non realization of interest on loans from subsidiaries. These events cause significant doubts on the ability of the company to continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to raise adequate finance from alternative means and / or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations.*

*In absence of any convincing audit evidence, non recovery of trade receivable on due date, non-payment of liabilities including trade payables and statutory dues, financial difficulty faced by the company due to recalling of the bank finance facilities and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial statements. We are also unable to conclude on ability of the company to carry on as a going concern.*

**Disclaimer of Opinion**

*Because of the significance of the matters described in the basis of disclaimer of opinion paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including trade payable and statutory dues, financial difficulties faced by company due to recalling of bank finance and initiation of legal actions by bank, it is not possible to form an opinion on the financial statements due to the potential interaction of these uncertainties and their possible cumulative effect on the financial statements. Accordingly, we do not express an opinion on the financial statements.*

**Emphasis of Matter**

*We draw attention to*

- i. *Significant accounting policy No. 1(F) regarding valuation of inventory is based on determination of estimated net realizable value and specific identification involving technical judgment of management and which has been relied upon by us.*
- ii. *Refer Note 8 (A) regarding two banks having outstanding dues of ₹. 21,61,71,267/- have neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts. Further balances of Trade Receivables, Trade Payables and Current Assets and Liabilities are subject to confirmations and consequential adjustment thereof.*
- iii. *As mentioned in Note no. 37(d), the company has made investment of ₹. 203,190/- and has given advance of ₹.59,78,485/- to its subsidiary namely M.B. Diamonds LLC whose net-worth is negative and has invested in Optionally Convertible Debentures (OCD) of ₹. 490,00,000/- in an entity whose net worth has been considerably eroded. No provision against these investments and advance has been made as the management is of the view that the investment in subsidiary is long term in nature and the entity wherein the company has made investment in the OCD has substantial business value*

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' 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 the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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As required by Section 143(3) of the Act, we report that:

- a. *As described in Basis of Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;*
- b. *Due to possible effects of the matters as described in the Basis of Disclaimer of Opinion paragraph and effects of the matters as mentioned in Basis of Qualified Conclusion paragraph, we are unable to state whether, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;*
- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. *Due to effects/ possible effects of the matters described in Basis for Qualified Conclusion/ Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;*
- e. *The matters described in Basis of qualified Conclusion paragraph, Basis of Disclaimer of opinion paragraph and Emphasis of Matter paragraph and other observations made in statement on the matters specified in paragraph 3 and 4 of the Order above, may have an adverse effect on the functioning of the Company.*
- f. On the basis of written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis of qualified Conclusion paragraph, Basis of Disclaimer of opinion paragraph and Emphasis of Matter paragraph above;
- h. With respect to the adequacy of Internal Financial Control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B;
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 35 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and the same are in accordance with the books of accounts maintained by the company.

For RSVA & Co,  
Chartered Accountants  
ICAI Firm Reg. No. 110504W

B.N. Rao  
Partner  
Membership No. 039555  
Place : Mumbai  
Date : May 30, 2017

For B. Khosla & Co.  
Chartered Accountants  
ICAI Firm Reg. No.000205C

Sandeep Mundra  
Partner  
Membership No.075482  
Place : Mumbai  
Date : May 30, 2017

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except building at Jaipur having value of ₹.10,24,830/- (Net block as at year-end ₹. 3,90,463) is yet to be registered in the name of Company.
- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account;
- (iii) The Company has granted unsecured loans to one of its subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to subsidiary listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (b) In the case of the loans granted to the subsidiary listed in the register maintained under section 189 of the Act, the company has not stipulated schedule of repayment of principal and payment of interest and therefore we are not in position to make specific comment as regard to repayment of the principal or receipts are regular.
- (c) Since there is no stipulation regarding repayment of principal and payment of interest, we are unable to comments on the overdue amount for more than ninety days.
- (iv) 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 Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) As explained to us, the maintenance of cost records under sub section (i) of Section 148 of the Companies Act, 2013 has not been prescribed by the Central Government for the Company.
- (vii) (a) The Company is not regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months are as under: -

Nature of Statute	Nature of Dues	Amount (₹.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	TDS	2,15,142	01/04/2016 to 31/08/2016	07 <sup>th</sup> of Next Month	Not Yet paid
Employee Provident Fund Organization	Provident Fund	2,28,986	01/04/2016 to 31/08/2016	21 <sup>st</sup> day of next month	Not Yet paid
Maharashtra/ Surat Labour welfare Fund	MLWF/ GLWF	285	01/04/2016 to 31/08/2016	05 <sup>th</sup> of Next Month	Not Yet paid
Employee State Insurance Corporation	E.S.I.C.	62,123	01/04/2016 to 31/08/2016	15 <sup>th</sup> day of next month	Not Yet paid
Department of Sales Tax, Maharashtra	Profession Tax	29,545	01/04/2016 to 31/08/2016	21 <sup>st</sup> day of next month	Not Yet paid

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Nature of Statute	Nature of Dues	Amount (₹.)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2002	VAT	180644	01/04/2016 to 31/08/2016	21 <sup>st</sup> day of next month	Not Yet paid
Income Tax Act 1961	Income Tax	2,03,07,000 (excluding Interest)	Financial Year 2012-13	March 31, 2013	Not Yet paid
Income Tax Act 1961	Tax on Dividend	53,87,415/- (excluding Interest)	Financial Year 2012-2013	14 <sup>th</sup> Oct 2013	Not Yet paid

- (c) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, on account of any dispute, are as follows:

Nature of Statute	Nature of Dues	Amount (₹.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	98,046 10,85,14,844 20,86,12,480 40,92,384 40,65,043 18,56,93,840 10,99,20,190 86,83,930	AY 2004-2005 AY 2008-2009 AY 2009-2010 AY 2010-2011 AY 2011-2012 AY 2012-2013 AY 2013-2014 AY 2014-2015	CIT Appeal - Mumbai CIT Appeal, Mumbai CIT Appeal - Mumbai CIT Appeal - Mumbai ITAT, Mumbai CIT Appeal - Mumbai CIT Appeal – Mumbai CIT Appeal - Mumbai
Central Excise and Customs Act	Service Tax	6,22,540	FY 2008-2009 FY 2011-2012	Commissioner of Central Excise (Appeal)
Punjab Value Added Tax	VAT	31,82,500	FY 2012-13	In the office of Dy. Excise & Taxation Commissioner (Admn). Ludhiana Division, Ludhiana

- (viii) The Company has defaulted to various banks in re-payment of working capital - export credit facilities and Corporate Loan which have been crystallized and/or became overdue or recalled at various dates, the summarized position of such defaults at the balance sheet date is as under: -

Details of continuing defaults

Name of Bank	Amount of defaults	Date of Default #	Date of default ended
Central Bank of India (Since recalled)	103,278,246	Jan 2014	Continuing
Corporation Bank (Since recalled)	203,547,726	June 2015	Continuing
Punjab National Bank (Since recalled)	403,531,214	March 2016	Continuing
Punjab & Sind Bank (Since recalled)	314,125,108	June 2014	Continuing
State Bank of India (Since recalled)	88,484,635	March 2016	Continuing
UCO Bank (Since recalled)	99,866,052	Sept 2015	Continuing
Punjab National Bank (Since recalled)	45,800,000	March 2016	Continuing
Corporation Bank (Since recalled)	24,932,494	March 2016	Continuing
AXIS Bank (Since recalled)	40,437,701	July 2016	Continuing
AXIS Bank (Since recalled)	168,548,248	July 2016	Continuing
Karnataka Bank (Since recalled)	75,881,648	June 2016	Continuing

Date of default shown is the date of first default which is still continuing even where the company may have defaulted in repayment at further dates or the loan have been recalled subsequently.

The amount of default shown includes total outstanding of loans of respective banks .The above defaults are the amounts as on the date of the defaults and do not include any levies of interest and penal interest charged by the banks / provided





by the company after the date of the defaults or its subsequent reversals by some banks.. Consequently, we are unable to quantify and give period wise details of the defaults in interest. However, under the head "Other Current Liabilities" (Note No. 8) amounts of ₹. 5,30,79,101/- and ₹..24,79,57,049/- being the "Interest Accrued and due" and "Overdrawn Current Account Bank Balances" respectively are the amounts of interest charged or provided for, the period of which is unascertainable. Further, the amount of defaults does not include interest (as calculated by the management on best judgment basis) amounting to ₹. 30,82,00,689/- (including ₹.11,69,48,000/- being interest charged by banks but not accounted for) being interest for the financial year 2016-17 which has been not provided by the management in the financial statement.

We have not received balance confirmation/ account statements from two banks having outstanding of ₹. 21,61,71,267/- .

- (ix) The Company during the year did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to information and explanations given to us, the term loans raised during the year were applied for the purpose for which those are raised.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion, the managerial remuneration paid or provided for is in accordance with the requisite approvals by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For RSVA & Co,  
Chartered Accountants  
ICAI Firm Reg. No. 110504W

B.N. Rao  
Partner  
Membership No. 039555  
Place : Mumbai  
Date : May 30, 2017

For B. Khosla & Co.  
Chartered Accountants  
ICAI Firm Reg. No.000205C

Sandeep Mundra  
Partner  
Membership No.075482  
Place : Mumbai  
Date : May 30, 2017

## **Annexure - B to the Auditors' 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 GOENKA DIAMOND AND JEWELS LIMITED ("Company") as of March 31, 2017 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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

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

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Basis of Qualified Opinion**

According to information and explanations given to us and based on our audit, the following significant deficiency/material weakness has been identified as at March 31, 2017: -

- a. The company did not have an appropriate internal control system for customer acceptance, customer credit evaluation and establishing customer credit limits based on the economic, industry and customer's financial considerations. This has resulted in huge old outstanding dues from customers and insignificant recoveries there-against owing to which the Company has defaulted in its obligations for repayment of its dues to banks and creditors. Further, internal control procedures are not operating for periodic review of age-wise analysis of trade receivables, procedure and manner for timely action against defaulting debtors and establishing methodology, underlying assumptions and policies for provision for doubtful debts and its appropriateness on periodic basis. These material weakness/ significant deficiency could potentially result in Company recognizing revenue without establishing reasonable certainty of ultimate collection and could lead to accounting of uncollectible trade receivables.
- b. The Company's internal financial control is not operating effectively with regard to legal and regulatory compliances mainly on account of payment of statutory dues/ taxes and also in timely payment of interest and repayment of its loan from banks. Certain defaults/ non-compliances could be result of the liquidity crunch faced by the Company due to material weakness as mentioned in para (a) above. This ineffective internal control over legal and regulatory compliance and timely payments of interest and repayment of loans could have material effect on the financial statements of the Company and its ability to continue as going concern.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Opinion**

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 ICAI.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Goenka Diamond and Jewels Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These significant deficiencies/ material weaknesses was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2017 and this report affect our report on financial statements, which expressed disclaimer of opinion on those financial statements.

For RSVA & Co,  
Chartered Accountants  
ICAI Firm Reg. No. 110504W

B.N. Rao  
Partner  
Membership No. 039555  
Place : Mumbai  
Date : May 30, 2017

For B. Khosla & Co.  
Chartered Accountants  
ICAI Firm Reg. No.000205C

Sandeep Mundra  
Partner  
Membership No.075482  
Place : Mumbai  
Date : May 30, 2017

**Balance Sheet as at March 31, 2017**

	Note	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	31,70,00,000	31,70,00,000
Reserves And Surplus	3	2,33,05,64,680	2,39,91,26,959
Money received against share warrants		-	-
		<b>2,64,75,64,680</b>	<b>2,71,61,26,959</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	-	2,57,37,701
Long-Term Provisions	5	45,68,561	45,68,561
		<b>45,68,561</b>	<b>3,03,06,262</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	6	-	40,06,82,726
<b>Trade Payables</b>			
a) Total outstanding dues on Micro & Small Enterprises	7		
b) Total outstanding dues on creditors other than Micro & Small Enterprises		3,03,45,97,551	3,03,59,86,128
Other Current Liabilities	8	1,92,86,43,504	1,53,42,96,444
Short-Term Provisions	9	3,71,73,006	3,38,76,289
		<b>5,00,04,14,062</b>	<b>5,00,48,41,588</b>
<b>Total</b>		<b>7,65,25,47,303</b>	<b>7,75,12,74,809</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	9,16,53,312	9,75,13,095
Intangible Assets	10	-	-
Capital Work-In-Progress	10	-	-
Non-Current Investments	11	19,47,604	19,47,604
Deferred Tax Assets	12	41,54,785	62,94,149
Long-Term Loans and Advances	13	12,73,11,975	16,58,39,665
Other non-current assets		-	-
		<b>22,50,67,676</b>	<b>27,15,94,512</b>
<b>Current Assets</b>			
Current Investments	14	4,90,00,000	4,90,00,000
Inventories	15	33,84,96,950	36,88,21,284
Trade Receivables	16	6,98,81,90,359	6,99,23,30,064
Cash and Bank Balances	17	75,28,339	1,23,06,446
Short-Term Loans and Advances	18	87,92,041	1,10,85,406
Other Current Assets	19	3,54,71,938	4,61,37,097
		<b>7,42,74,79,627</b>	<b>7,47,96,80,297</b>
<b>Total</b>		<b>7,65,25,47,303</b>	<b>7,75,12,74,809</b>
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Financial Statements</b>	28 to 43		

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B N RAO**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## Statement of Profit & Loss for the year ended March 31, 2017

	Note	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
<b>REVENUE</b>			
Revenue From Operations	20	2,83,24,338	91,44,93,079
Other Income	21	2,25,94,140	1,66,55,380
<b>Total</b>		<b>5,09,18,479</b>	<b>93,11,48,459</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	22	(3,81,06,161)	80,95,36,909
Purchases of Stock-In-Trade	23	-	-
Changes in Stock-In-Trade	24	6,97,26,998	5,18,29,358
Employee Benefits Expense	25	1,14,92,471	1,29,94,401
Finance Costs	26	77,64,811	22,95,89,032
Depreciation and Amortization Expense	10	58,59,786	61,53,256
Other Expenses	27	2,21,01,083	13,73,19,624
<b>Total</b>		<b>7,88,38,989</b>	<b>1,24,74,22,579</b>
<b>Profit Before Tax</b>		<b>(2,79,20,510)</b>	<b>(31,62,74,121)</b>
<b>Tax Expense:</b>			
(1) Current Tax (MAT)		-	-
(2) MAT Credit Entitlement (Refer Note 13 (a) )		3,41,48,254	-
(3) Earlier Years Tax / MAT Credit		-	-
(4) Deferred Tax Charges/(Credits)		21,39,364	59,28,249
		3,62,87,618	59,28,249
<b>Profit for the Year</b>		<b>(6,42,08,128)</b>	<b>(32,22,02,370)</b>
Earnings Per Share (FV ₹.1/-Each - Refer Note No.34)			
Basic and Diluted (₹)		(0.20)	(1.02)

**Significant Accounting Policies**

1

**Other Notes on Financial Statements**

28 to 43

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B N RAO**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

### Cash Flow Statement for the year ended March 31, 2017

	Year ended March, 31 2017	Year ended March, 31 2016
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	(2,79,20,510)	(31,62,74,118)
<b>Adjustment for</b>		
Depreciation	58,59,786	61,53,256
Unrealised Exchange Difference		11,65,45,888
Impairment of Fixed Assets	-	-
Profit of Sale of Fixed Assets	-	-
Gratuity & Leave Liabilities	-	-
Finance Charges Paid	77,64,811	22,95,89,032
Interest Income	(1,51,07,611)	(1,65,19,310)
Dividend Income	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(2,94,03,524)</b>	<b>1,94,94,748</b>
<b>Adjustment for</b>		
Trade and other receivables(including loans and advances)	2,21,34,324	(64,66,13,205)
Inventories	3,03,24,334	18,03,62,221
Trade payable	(13,88,577)	46,00,23,872
Other Current Liabilities	(1,95,44,285)	9,42,05,335
<b>Cash generated from operations</b>	<b>21,22,272</b>	<b>10,74,72,972</b>
Income Tax Paid (Net)	(6,35,798)	(7,39,678)
Fringe Benefit Tax Paid	-	-
<b>Net cash from Operating Activities</b>	<b>14,86,474</b>	<b>10,67,33,294</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Investment(Redemption) in Mutual Fund & Fixed deposits & OCD	-	-
Non-current Investments	-	-
Interest Income	1,51,07,611	1,65,19,310
Dividend Income	-	-
<b>Net cash from investing activities</b>	<b>1,51,07,611</b>	<b>1,65,19,310</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Borrowings	(85,96,567)	10,67,10,234
Interest & Bank Commission paid on Borrowings	(77,64,811)	(22,95,89,032)
Dividend Paid ( Including Dividend Distribution Tax )	-	-
<b>Net cash from financing activities</b>	<b>(1,63,61,378)</b>	<b>(12,28,78,798)</b>
Net increase in Cash and Cash equivalent (A+B+C)	2,32,707	3,73,806
Cash and Cash equivalent in the Opening balance	40,25,970	36,52,164
<b>Cash and Cash equivalent in the Closing balance</b>	<b>42,58,677</b>	<b>40,25,970</b>
<b>Note : Cash and cash equivalent include cash on hand, bank balance and cheques in hand. Closing Cash and Cash Equivalents as per books</b>		
Total of Cash & Cash Equivalents (Refer Note No. 17)	74,52,019	1,22,30,126
Fixed Deposit more than 3 months	31,93,342	82,04,156
<b>Cash and Cash equivalent in the Closing balance</b>	<b>42,58,677</b>	<b>40,25,970</b>
Cash in hand	5,21,385	10,60,455
Current Accounts	37,37,292	29,65,515
<b>Total</b>	<b>42,58,677</b>	<b>40,25,970</b>

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

**B N RAO**  
Partner  
M.No.: 039555

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

**1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2017****A. Basis of Preparation of Financial Statements**

- a. The financial statements have been prepared in compliance with the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other pronouncement of Institute of Chartered Accountant of India, with relevant provisions of Companies Act, 2013; applicable guidelines issued by the Securities Exchange Board of India (SEBI) and generally accepted accounting principles applicable in India (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.
- b. The financial statements have been prepared under historical cost convention on accrual basis.
- c. All the assets and liabilities have been classified as current or noncurrent as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current – noncurrent classification of assets & liabilities.

**B. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

**C. Fixed Assets**

Property, Plant and Equipment (PPE) are tangible items that are stated at cost less accumulated depreciation and accumulated impairment losses except for freehold land, which is not depreciated. Cost includes purchase price (after deducting trade discount/ rebate), non refundable duties and taxes, cost of replacing the component parts, borrowing cost and other directly attributable cost to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure relating to PPE that has already been recognized is added to the carrying amount of that assets when it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably. Repairs and Maintenance cost are charged to the Profit & Loss statement.

Expenditure on software is recognized as 'Intangible Assets' and is amortized over a period of three years.

**D. Depreciation and Amortization**

Depreciation on Fixed Assets is being provided on written down value method at the rate and in the manner specified in Schedule II of the Companies Act, 2013.

Leasehold land is amortized over the initial period of lease.

The expenditure incurred on improvement on leased premises is written off proportionately over the initial period of lease.

**E. Impairment of Fixed Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the assets belongs, is less than the carrying amount, carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**F. Inventories**

- a. Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on First-in First-out', 'Specific Identification', or "Weighted Average' basis, as the case may be. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

- b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.
- c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

### **G. Investments**

Investments that are readily realizable and are intended to be held for not more than 1 year from the date, on which such investments are made, are classified as current investment. All other investments are classified as non-current investment.

Non-Current investments are stated at cost. Provision for diminution in the value of non-current investments is made if such decline is other than temporary in nature.

Current investments are carried at lower of cost or market value.

### **H. Revenue Recognition**

#### **Sale of Goods:**

Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

### **I. Other Income**

#### **a) Dividend on Investment:**

Dividends are recognised when the right to receive payment is established.

#### **b) Interest Income:**

Interest Income is recognised on time proportion basis taking in to account the amount outstanding & rate applicable.

### **J. Foreign Currency Transactions:**

#### **a. Initial Recognition:**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

#### **b. Conversion:**

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

#### **c. Exchange Differences:**

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Exchange differences arising on the monetary items that, in substance, forms part of an enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve in the financial statements until the disposal of net investment, at which time they would be recognized an income or as expense in the Statement of Profit and Loss.

#### **d. Forward Exchange Contract not intended for trading or speculation purposes:**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the Statement of Profit and Loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

### **K. Employee Benefits:**

Short term employee benefits are recognized as an expense at the undiscounted amount in Statement of Profit and Loss of the year in which the related service is rendered.





The Company's Liability towards gratuity and compensated absences are determined on the basis of year end actuarial valuation applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Statement of Profit and Loss as income or expense in the year in which they arise.

**L. Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**M. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**N. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**O. Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**P. Segment Reporting*****Identification of segments:***

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

***Inter segment Transfers:***

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

***Allocation of common costs:***

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

***Unallocated items:***

Includes general corporate income and expense items which are not allocated to any business segment.

***Segment Policies:***

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

### Q. Provision for Current and Deferred Taxation:

Income tax is accounted in accordance with AS-22 'Accounting for Taxes on Income', issued by The Institute of Chartered Accountants of India (ICAI), which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same and are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

Current tax is determined as the amount of tax payable in respect of taxable income using the applicable tax rates and tax laws for the year.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. Such assets is reviewed at each balance sheet date and carrying amount of the MAT credit is written down to extend there is no longer a convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

### R. Provision, Contingent Liabilities and Contingent Assets:

**Provisions** are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the Company has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation and
- c. the amount of the obligation can be reliably estimated

**Contingent Liability** is disclosed in case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a possible obligation, unless the probability of outflow of resources is remote

**Contingent Assets** are neither recognized, nor disclosed.

*Provisions, Contingent Liabilities and Contingent Assets* are reviewed at each Balance Sheet Date.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note No.

2 Share Capital

a The details of Authorised, Issued, Subscribed and paid up capital are as under :-

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount
<b>Authorised Share Capital</b>				
Equity Shares of ₹. 1/- each fully paid up (P/Y ₹. 1/- per share fully paid up)	33,00,00,000	33,00,00,000	33,00,00,000	33,00,00,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹. 1/- each fully paid up	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
		<u>31,70,00,000</u>		<u>31,70,00,000</u>

b The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year is as under :-

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000

c The company has one class of equity shares having a par value of ₹ 1 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d. Subsequent to dispute between promoters during the year under review, hon'ble Company Law Board (CLB) has directed that 4,09,76,250 equity shares of Goenka Diamond & Jewels Limited shall not carry any voting rights, pending the disposal of company petition before CLB.

e. The details of shareholders holding more than 5% equity shares as at reporting date are as under:-

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding
<b>Equity Shares:</b>				
NANDLAL GOENKA	2,60,88,750	8.23%	2,60,88,750	8.23%
NITIN GOENKA (Refer Note No. 2 (d))	-	0.00%	-	0.00%
NAVNEET GOENKA	11,16,15,000	35.21%	11,16,15,000	35.21%
NAND LAL GOENKA (HUF)	3,42,00,000	10.79%	3,42,00,000	10.79%
NIRMALA GOENKA	5,13,26,250	16.19%	5,13,26,250	16.19%

Note : - The Company's equity share had been subdivided and face value per share had been changed from ₹. 10/- per share to ₹ 1/- per share w.e.f. 29th Oct 2012

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

3 Reserves & Surplus	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>A. Securities Premium Account :</b>				
Opening Balance	1,08,85,07,042		1,08,85,07,042	
Add (Less) : Movement during the year	-		-	
	<u>1,08,85,07,042</u>		<u>1,08,85,07,042</u>	
		<b>1,08,85,07,042</b>		<b>1,08,85,07,042</b>
<b>B. General Reserve:</b>				
Opening Balance	99,08,000		99,08,000	
Add (Less) : Movement during the year	-		-	
	<u>99,08,000</u>		<u>99,08,000</u>	
		<b>99,08,000</b>		<b>99,08,000</b>
<b>C. Foreign Currency Translation Reserve:</b>				
Opening Balance	2,34,91,655		1,13,37,110	
Add (Less) : Movement during the year	(43,54,155)		1,21,54,545	
	<u>1,91,37,500</u>		<u>2,34,91,655</u>	
		<b>1,91,37,500</b>		<b>2,34,91,655</b>
<b>D. Surplus/ (Deficit)</b>				
Opening balance	1,27,72,20,258		1,59,94,22,628	
Add:				
Net Profit For the current year	(6,42,08,128)		(32,22,02,370)	
	<u>1,21,30,12,138</u>		<u>1,27,72,20,258</u>	
<b>Less: Appropriations</b>				
Proposed Dividend	-		-	
Tax on Proposed Dividend	-		-	
<b>Surplus/ (Deficit)</b>		<u><b>1,21,30,12,138</b></u>		<u><b>1,27,72,20,258</b></u>
		<u><b>2,33,05,64,680</b></u>		<u><b>2,39,91,26,959</b></u>
<b>4 Non Current Liabilities</b>		<b>As at</b>		<b>As at</b>
		<b>March 31, 2017</b>		<b>March 31, 2016</b>
		₹		₹
<b>Long Term Borrowings</b>				
Corporate loan		-		2,57,37,701
<i>(since recalled and now shown as "Current Liabilities")</i>				
<i>(refer Note no. 8)</i>				
		<u>-</u>		<u>2,57,37,701</u>
<b>A Nature of Security</b>				
<b>Credit Facilities are secured by:</b>				
First pari-passu charge on Ground plus 3 storyed commercial building located at plot no. 13, Municipal Corporation House No. 14, Ward no. 30, Kh No. 86, Street No. 161, City Survey No. 223, C A Road, Nagpur				
B Repayment - 32 equal monthly instalment of ₹. 12,25,000/- each after a moratorium of 12 months from the date of first disbursement. Tenor - 44 months including a moratorium of 12 months				
C Interest - BPLR+2.75%				
D Current maturities of long term borrowing has been shown under "Other Current Liabilities" (refer note no. 8)				



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5 Long Term Provisions

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Provision For Employee Benefits:</b>				
Provision for Gratuity (Refer Note no. 31 (B))	42,86,707		42,86,707	
Provision for Compensated Absences (Refer Note no. 31 (B))	2,81,854	45,68,561	2,81,854	45,68,561
		<b>45,68,561</b>		<b>45,68,561</b>

6 Short Term Borrowings

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Secured:</b>				
<b>Loan Repayable on demand from Banks</b>				
Pre-shipment Credit (Refer Note B below)	-		20,54,78,984	
Post-shipment Credit (Refer Note B below)	-		19,52,03,742	
		-		40,06,82,726
		-		<b>40,06,82,726</b>

A Nature of Security

Credit Facilities are secured by:

- i) First pari passu charge on all tangible and intangible assets including current assets viz., stock of raw materials, work in progress and finished goods.
- ii) Further secured, on pari-passu basis: -
  - a) Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai, Factory land and building at surat, Shop No. 1, 2 & Garage of Parekh Mansion Mumbai and Office at 1305, Pancharatna, Mumbai belonging to director and their relatives. Further secured by Land at Badlapur belonging to group company and 4.09 crore equity shares in name of one of the director
  - b) Personal Guarantees of Chairman, Vice Chairman & Managing Director and Director & their relatives

B The details of continuing defaults (#) as at Balance Sheet date of loans recalled by banks and disclosed under "Other Current Liabilities"

Name of Bank	Facility	Date of Default #	Amount ##
Central Bank of India (Since recalled)	Working Capital Limits	Jan 2014	10,32,78,246
Corporation Bank (Since recalled)	Working Capital Limits	June 2015	20,35,47,726
Punjab National Bank (Since recalled)	Working Capital Limits	March 2016	40,35,31,214
Punjab & Sind Bank (Since recalled)	Working Capital Limits	June 2014	31,41,25,108
State Bank of India (Since recalled)	Working Capital Limits	March 2016	8,84,84,635
UCO Bank (Since recalled)	Working Capital Limits	Sept 2015	9,98,66,052
Punjab National Bank (Since recalled)	Corporate Loan	March 2016	4,58,00,000
Corporation Bank (Since recalled)	Corporate Loan	March 2016	2,49,32,494
AXIS Bank (Since recalled)	Corporate Loan	July 2016	4,04,37,701
AXIS Bank (Since recalled)	Working Capital Limits	July 2016	16,85,48,248
Karnataka Bank (Since recalled)	Working Capital Limits	June 2016	7,58,81,648

# Date of default is considered as date of crystallisation of foreign currency loan, last date of extension of pre-shipment / post-shipment disbursement or date of NPA whichever is earlier

## where recall and / or SARFAESI notice has been issued by the banks the total outstanding has been shown under default.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

## The above defaults does not includes defaults of payment of interests, as banks have either charged interest and added to above loan amounts at the time of crystallisation. Further, it has been decided by the Board not to provide any interest amounting to ₹. 308,200,689/- ( as calculated by the management) on working capital borrowing availed by the Company, in view of pending proposal for settlement of entire dues, envisaging part-payment of principal amount due to the banks. Also refer Note 37(c), where interest amounting to ₹. 11,69.48 lakhs has been charged by bank but has not been accounted for by the company. In some instances banks have charged interest from current account which has resulted in credit balances in current account as at year end and is shown as "Other Current Liabilities".

### 7 Trade Payables

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>Trade Payable</b>		
a) Total outstanding dues on Micro & Small Enterprises	-	-
b) Total outstanding dues on creditors other than Micro & Small Enterprises	3,03,45,97,551	3,03,59,86,128
	<b>3,03,45,97,551</b>	<b>3,03,59,86,128</b>

Notes:

- Trade Payables include overdue amounts (mainly unclaimed) of ₹ Nil (Previous Year ₹. Nil) including interest of ₹. Nil (Previous Year ₹. Nil) payable to Micro, Small & Medium enterprises. The company does not owe any amount to Micro, Small & Medium enterprises. These enterprises have been identified on the basis of information available to the Company and relied upon by the auditors.
- Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Trade Payables denominated in foreign currency amounting to ₹. 2971278902/- have not been restated based on exchange rate as at the end of the year. These Trade Payables have been carried forward based on exchange rate as at the end of March 31, 2016 or at transaction date rate whichever is later, as it is deemed prudent not to take cognizance of unrealised exchange difference on notional basis due to uncertainties with regard to expected time frame for payment of these trade payables which is dependent of recovery from Trade Receivables or other sources. The company shall account for the actual exchange difference at the time of payment of these trade payables. Accordingly, the trade payables are understated by ₹. 3,28,29,113/- as at the year end.

### 8 Other Current Liabilities

	As at March 31, 2017 ₹	As at March 31, 2016 ₹
Current Maturity of Long Term Borrowing (refer note 4(D))	-	1,47,00,000
<b>Loans Facilities Recalled by Banks ( Refer Note "A" Below)</b>		
1) Post - Shipment Loans	1,08,19,07,456	87,82,32,895
2) Pre - Shipment Loans	37,53,55,421	33,79,08,223
3) Corporate Loan	11,11,70,195	7,07,32,494
4) Overdrawn Balance in Bank's Current Accounts	24,79,57,049	11,64,46,166
Interest accrued and due on borrowings	5,30,79,101	5,30,79,101
Unclaimed Dividend*	76,320	76,320
Employee benefit payables	10,27,124	18,41,564
Statutory Dues( including PF,TDS etc.)	93,47,177	1,10,15,481
Due to director's in current account	96,29,379	1,37,96,399
Other Payables# (Refer related Party note no. 32(B))	3,90,94,283	3,64,67,802
	<b>1,92,86,43,504</b>	<b>1,53,42,96,444</b>

Note

- Loan facilities recalled by banks include ₹. 21,61,71,267/- being outstanding of two banks for which neither bank statement nor confirmations of balance were received, Previous year ₹. 1,71,67,075/- (Pre-shipment Loan) & ₹. 2,49,32,494/- (Corporate Loan)
- Investor Education and Protection Fund to be credited by the amount as and when required.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**9 Short Term Provisions**

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Provision for employee benefits:</b>				
Provision for Gratuity (Refer Note no. 31 (B))	42,98,751		44,02,599	
Provision for Compensated Absences (Refer Note no. 31 (B))	1,21,835	44,20,586	54,916	44,57,515
Provision for Taxation (Net of Advance Tax)		3,27,52,420		2,94,18,774
		<b>3,71,73,006</b>		<b>3,38,76,289</b>

**10 FIXED ASSETS**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2016	Addition during the period	Deductions during the year	Total as on 31.03.2017	Upto 01.04.2016	Provided during the period	Adj. for deductions	Total upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
<b>A. Tangible Assets</b>											
1	Leasehold Factory land	27,36,000	-	-	27,36,000	18,69,600	1,82,400	-	20,52,000	6,84,000	8,66,400
2	Leasehold land	6,68,41,421	-	-	6,68,41,421	89,12,189	22,28,048	-	1,11,40,237	5,57,01,184	5,79,29,232
3	Buildings	6,80,14,381	-	-	6,80,14,381	3,62,14,332	21,70,767	-	3,83,85,099	2,96,29,282	3,18,00,049
4	Plant & Machinery	1,53,30,092	-	-	1,53,30,092	1,04,31,733	9,65,458	-	1,13,97,191	39,32,901	48,98,359
5	Electric Installation	22,86,599	-	-	22,86,599	18,69,105	1,44,074	-	20,13,179	2,73,420	4,17,494
6	Furniture & Fixtures	16,95,868	-	-	16,95,868	14,00,452	95,556	-	14,96,008	1,99,859	2,95,415
7	Office Equipment	61,52,084	-	-	61,52,084	57,51,894	73,483	-	58,25,377	3,26,707	4,00,190
8	Vehicle	1,12,80,229	-	-	1,12,80,229	1,07,40,009	-	-	1,07,40,009	5,40,220	5,40,220
9	Computers	73,37,800	-	-	73,37,800	69,72,062	-	-	69,72,062	3,65,737	3,65,737
10	Improvement on Leasehold Premises	1,46,13,893	-	-	1,46,13,893	1,46,13,893	-	-	1,46,13,893	-	-
<b>B. Intangible Assets</b>											
1	Computer Software	8,63,910	-	-	8,63,910	8,63,910	-	-	8,63,910	-	-
<b>C. Capital Work in Progress</b>											
	<b>Total</b>	<b>19,71,52,277</b>	-	-	<b>19,71,52,277</b>	<b>9,96,39,178</b>	<b>58,59,786</b>	-	<b>10,54,98,965</b>	<b>9,16,53,312</b>	<b>9,75,13,095</b>
	<b>Total for Previous year</b>	<b>19,71,52,277</b>	-	-	<b>19,71,52,277</b>	<b>9,34,85,931</b>	<b>61,53,256</b>	-	<b>9,96,39,182</b>	<b>9,75,13,095</b>	<b>10,36,66,352</b>

Notes:

1. Building include Flat at Jaipur which is not yet registered in the name of company.
2. Building includes 5 No. of shares held in Mount Unique CHS.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### 11 Non Current Investment

(Long term - at Costs less provision for other than temporary diminution)

a. Trade Investment (Unquoted)	Gross Amount		Diminution in Value of Investment		Net Amount	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
<b>1 Investment in Equity Instruments</b>						
<b>Investment in Subsidiary (Fully Paid up) :</b>						
A) Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC..	2,03,190	2,03,190	-	-	2,03,190	2,03,190
B) 50 share of AED 1000 each being 100% of the issued Capital of Goenka Diamond & Jewels DMCC.	7,44,414	7,44,414	-	-	7,44,414	7,44,414
<b>2 Investment in Partnership Firm</b>						
Solitaire Diamonds Exports	10,00,000	10,00,000	-	-	10,00,000	10,00,000
Total	<b>19,47,604</b>	<b>19,47,604</b>	<b>-</b>	<b>-</b>	<b>19,47,604</b>	<b>19,47,604</b>

### b. Details of Investment in Partnership Firm

Name of the Partners	Share (%)	Capital
M/s Goenka Diamond & Jewels Ltd	99%	10,00,000
Mr. Arjunlal Sharma	1%	10,000
<b>Total</b>	<b>100%</b>	<b>10,10,000</b>

### c. Notes:-

1. Aggregate amount of Quoted Investment	-	-
2. Market value of Quoted Investment	-	-
3. Aggregate amount of Non Quoted Investment	19,47,604	19,47,604
4. Aggregate amount of provision for diminution in value of Investment	-	-

### 12 Deferred Tax Assets

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Deferred Tax Assets</b>				
On account of Gratuity & Compensated Absences	27,77,646		29,28,510	
On account of Depreciation	27,22,573		33,65,639	
On account of Foreign Currency Translation Reserve	(13,45,434)	41,54,785	-	62,94,149
		<b>41,54,785</b>		<b>62,94,149</b>

Net deferred tax charge/(credit) for the year of ₹. 21,39,364/- (Previous year ₹. 59,28,249/-) has been recognized in the Statement of Profit and Loss for the year.



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

<b>13 Long Term Loans And Advances (Unsecured and considered good, unless otherwise stated)</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>		
	₹	₹		
Loan to Subsidiary	12,49,95,000	12,93,49,155		
Security Deposits #	23,16,975	23,16,975		
MAT Credit Entitlement	-	3,41,73,535		
	<b>12,73,11,975</b>	<b>16,58,39,665</b>		
a. Considering the uncertainty relating to availability of future taxable income, the MAT credit entitlement accounted for in earlier years have been written off during the year.				
b. # include ₹. 2,00,000/- (P/Y ₹. 2,00,000/-) security deposit given to Chairman, Managing Director and their relatives.				
<b>14 Current Investments (At lower of Cost or Market Price)</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	Number	₹	Number	₹
<b>a Investment in 12% Optional Convertible Debenture (Unquoted)</b>				
Gem Gold Mining Pvt. Ltd.(Refer Note No. 37 (e))	4,90,000	4,90,00,000	4,90,000	4,90,00,000
		<b>4,90,00,000</b>		<b>4,90,00,000</b>
<b>b Notes:-</b>			-	
1. Aggregate amount of Quoted Investment		-		-
2. Market value of Quoted Investment		-		-
3. Aggregate amount of Non Quoted Investmen		4,90,00,000		4,90,00,000
4. Aggregate amount of provision for diminution in value of Investment		-		-
<b>15 Inventories (Cost or Market Price, whichever is lower)</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	₹		₹	
<b>(As taken, valued and certified by the Management)</b>				
Raw Materials	26,76,61,636		22,82,58,972	
Stock in Process	-		-	
Finished Goods	7,08,35,314		14,05,62,312	
	<b>33,84,96,950</b>		<b>36,88,21,284</b>	
<b>16 Trade Receivables (Unsecured and considered good unless otherwise stated)</b>	<b>As at March 31, 2017</b>		<b>As at March 31, 2016</b>	
	₹		₹	
Outstanding for more than Six Months from the date they are due for payments (Refer footnote) (Refer Note No. 37 (B))	6,98,55,43,180		6,64,77,03,367	
Others	26,47,179		34,46,26,697	
	<b>6,98,81,90,359</b>		<b>6,99,23,30,064</b>	

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

- a. There have been defaults on payment obligations by the trade receivables on due date and recoveries from these trade receivables are not significant, due to certain unfavourable developments in earlier years and economic slowdown especially in diamond sector. No confirmation have been received by these trade receivables. The Company is taking all possible efforts to recover old trade receivables and had initiated legal action wherever considered necessary. However, looking at the past record regarding recovery from Trade receivables, the management is of the opinion that trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable and therefore no provision is required to be made against these Trade Receivables
- b. Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Trade Receivables denominated in foreign currency amounting to ₹ 698,06,98,626/- have not been restated based on exchange rate as at the end of the year. These Trade Receivables have been carried forward based on exchange rate as at the end of March 31, 2015 and/ or March 31, 2016, as it is deemed prudent not to take cognizance of unrealised exchange difference on notional basis due to uncertainties with regard to expected time frame for realisation of Trade Receivables. The company shall account for the actual exchange difference at the time of realization of these trade receivables. Consequently, the Trade Receivables are understated by ₹.7,33,59,120/- as at the year end.

### 17 Cash And Bank Balances

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Cash and cash equivalents</b>				
Cash on hand		5,21,385		10,60,455
Balance with Banks		37,37,292		29,65,515
<b>Total (A)</b>		<b>42,58,677</b>		<b>40,25,970</b>
<b>Other Bank Balances</b>				
(a) Unpaid Dividend Bank Account		76,320		76,320
(b) Bank Deposits				
Pledged*	31,93,342		82,04,156	
Non Pledged	-	31,93,342	-	82,04,156
<b>Total (B)</b>		<b>32,69,662</b>		<b>82,80,476</b>
<b>Total (A+B)</b>		<b>75,28,339</b>		<b>1,23,06,446</b>

#### Notes

- i) \* Pledged deposits are with maturity period of more than 12 months
- ii) In terms of Ministry of Corporate Affairs (MCA) notification no. G.S.R. 308 (E) dated 30.03.2017, the details of Specified Bank Notes (SBN) held and transacted during the period from 08/11/2016 to 30/12/2016 is as under;

(Amount in ₹)

Particulars	SBNs*	Other Denomination notes	Total
Closing Cash in hand as on 08.11.2016	85,00,000	11,82,072	96,82,072
(+) Permitted receipts #	-	1,54,575	1,54,575
(-) Permitted payments##	-	(8,83,784)	(8,83,784)
(-) Amount deposited in Banks	(85,00,000)	-	(85,00,000)
Closing Cash in hand as on 30.12.2016	-	4,52,863	4,52,863

\* Bank notes of denominations of existing series of the value of 500 rupees and 1,000 rupees (MoF Notification No. S.O 3407(E) dated 08/11/2016).



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**18 Short Term Loans And Advances**

(Unsecured and considered good unless otherwise stated)

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
Advance To Staff		30,000		58,131
<b>Loans &amp; Advances to</b>				
-Subsidiary	59,78,485		59,78,485	
-Partnership Firm	-	59,78,485	-	59,78,485
Advance To Suppliers		-		21,46,444
Prepaid Expenses		8,66,711		21,05,721
Balances with Tax Authorities		7,95,625		7,95,625
<b>Others</b>				
-Considered Good #	11,21,220		1,000	
-Considered Doubtful	-		-	
	11,21,220		1,000	
Less - Provided for	-	11,21,220	-	1,000
		<b>87,92,041</b>		<b>1,10,85,406</b>

Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Advance given to a subsidiary amounting to ₹ 59,78,485/- denominated in foreign currency have not been restated based on exchange rate as at the end of the year. The company shall account for the actual exchange difference at the time of receipt of advance. Consequently, Advance to subsidiary is understated by ₹ 1,44,155 as at the year end.

**19 Other Current Assets**

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
Interest Accrued on deposits / debentures		3,54,490		1,97,69,299
Others		3,51,17,448		2,63,67,798
		<b>3,54,71,938</b>		<b>4,61,37,097</b>

**20 Revenue From Operations**

	Year ended March 31, 2017		Year ended March 31, 2016	
	₹	₹	₹	₹
<b>Sale of Products:</b>				
Export Sales	-		77,54,81,942	
Domestic Sales	3,09,16,435	3,09,16,435	14,04,84,006	91,59,65,948
Share of Profit / (Loss) from Partnership Firm		(25,92,097)		(14,72,869)
		<b>2,83,24,338</b>		<b>91,44,93,079</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

21 Other Income	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
Interest	1,51,07,611		1,65,19,310	
Liability No Longer required	57,56,015		16,070	
Other Income	17,30,514		1,20,000	
	<u>2,25,94,140</u>		<u>1,66,55,380</u>	

22 Cost Of Material Consumed	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
<b>Materials Consumed</b>				
Opening Raw Material / Material-in-process	22,82,58,972		35,67,91,836	
Add: Purchases	12,96,503		68,10,04,045	
	<u>22,95,55,476</u>		<u>1,03,77,95,881</u>	
Less: Closing Raw Material / Material-in-process	26,76,61,636	(3,81,06,161)	22,82,58,972	80,95,36,909
	<u>(3,81,06,161)</u>		<u>80,95,36,909</u>	
<b>Broad Heads for Materials Consumed</b>				
Gold & Alloy	(45,95,576)		19,45,861	
Cut & Polish Diamonds and Colour Stones	(3,35,10,585)		80,75,91,048	
	<u>(3,81,06,161)</u>		<u>80,95,36,909</u>	

23 Purchases Of Stock-In-Trade	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
Purchases of Finished Goods	-		-	
	<u>-</u>		<u>-</u>	

24 Changes In Stock-In-Trade	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
<b>Decrease/(Increase) of Stock-in-Trade consists of</b>				
<b>Opening Stocks</b>				
Finished Goods	14,05,62,312		19,23,91,670	
	<u>14,05,62,312</u>		<u>19,23,91,670</u>	
<b>Less: Closing Stocks</b>				
Finished Goods	7,08,35,314		14,05,62,312	
	<u>7,08,35,314</u>		<u>14,05,62,312</u>	
	<u>6,97,26,998</u>		<u>5,18,29,358</u>	

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

<b>25 Employees Benefit Expense</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
Salaries, Wages, Bonus etc.	1,08,81,923	1,22,46,646
Contributions to Provident and Other Funds	4,03,194	5,39,457
Staff Welfare Expenses	2,07,354	2,08,298
	<b>1,14,92,471</b>	<b>1,29,94,401</b>
<b>26 Financial Cost</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
- On Working Capital Facilities	12,68,255	20,55,33,540
- Other Finance Charges	5,45,623	1,83,97,854
- Interest on Delayed Payment of Taxes	59,50,933	56,57,638
	<b>77,64,811</b>	<b>22,95,89,032</b>
<b>27 Other Expenses</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
<b>a. Manufacturing Expenses</b>		
Electricity & Water expenses	79,609	27,690
Factory Rent	1,68,851	1,67,290
Misc Factory Expenses	7,000	15,55,787
<b>Total (A)</b>	<b>2,55,460</b>	<b>17,50,767</b>
<b>b. Administrative &amp; Selling Expenses</b>		
Rent, Rates and Taxes	20,67,973	16,67,500
Water & Electricity	10,12,768	11,39,450
Insurance	2,85,468	3,75,706
Travelling and Conveyance	1,57,621	17,88,083
Legal and Professional	24,36,824	26,79,798
Postage and Telephone	2,97,974	3,36,862
Printing and Stationery	1,95,621	1,94,784
Advertisement and Business Promotion	7,76,051	10,19,623
Brokerage and Commission	-	67,416
Directors' Remuneration	10,80,000	14,93,793
Director's Sitting Fees	3,27,375	3,23,970
Misc. Expenses	7,21,996	16,55,611
Repair & Maintenance	41,607	75,709
Export and Selling Expenses	11,500	5,34,314
Diamond Certification Charges	6,807	14,828
<b>Auditors' Remuneration</b>		
- Statuary Audit Fees	9,48,750	9,43,875
- Taxation Matters	-	-
- for Other services	-	-
- Reimbursement Of Expenses	48,507	54,079
Exchange Fluctuation (Net)	1,14,28,781	12,12,03,456
<b>Total (B)</b>	<b>2,18,45,623</b>	<b>13,55,68,857</b>
<b>Total Other Expenses</b>	<b>Total (A+B)</b>	<b>Total (A+B)</b>
	<b>2,21,01,083</b>	<b>13,73,19,624</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

28 Value and % of Material Consumption	Year ended March 31, 2017		Year ended March 31, 2016	
	%	₹	%	₹
<b>Raw Materials and Components:</b>				
Imported	0%	-	64%	51,41,89,712
Indigenous	100%	3,81,06,161	36%	29,53,47,196
	<b>100%</b>	<b>3,81,06,161</b>	<b>100%</b>	<b>80,95,36,909</b>

29 Expenditure in Foreign Currency	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
a Travelling	NIL		NIL	
b Other	NIL		NIL	
c Import of goods in C.I.F. value	NIL		53,49,52,335	

30 Earnings in Foreign Currency (Accrual basis)	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
Export of goods calculated on F.O.B. basis	NIL		77,50,70,125	
Interest	87,49,650		90,79,248	

**31 The Company has classified various benefits provided to employees as under:**

**A. Defined Contribution Plans**

- a. Provident Fund
- b. State Defined Contribution Plan
- c. Employers' Contribution to Employees' State Insurance

The Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	₹		₹	
Employer's contribution to Provident Fund	2,70,407		3,97,602	
Employer's contribution to Employees State Insurance	73,890		1,41,855	
Employer's Contribution to Maharashtra Labour Welfare Fund	5,112		-	

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****B. Defined Benefit Plans**

- a. Gratuity Liability (Unfunded Scheme) : In accordance with the Accounting Standard (AS 15) (Revised 2005) "Employee Benefits", actuarial valuation was performed in respect of the Gratuity Liability based on the following assumptions:

	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Discount Rate (per annum)	7.20%	7.95%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Rate of return on Plan Assets (for Funded Scheme)	Nil (Non- Funded)	Nil (Non- Funded)

**I. Change in the Present Value of Defined Benefit Obligation**

	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Present value of defined benefit obligation as at beginning of the year	11,19,300	33,96,590
Interest cost	79,983	2,33,826
Past Service cost	-	-
Current service cost	2,25,972	3,49,678
Benefits paid	(1,03,848)	-
Actuarial (gain) / loss on obligations	(1,68,207)	(28,60,794)
<b>Present value of defined benefit obligation as at the end of the year</b>	<b>11,53,200</b>	<b>11,19,300</b>

**II. Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Present value of unfunded obligation as at end of the year	11,53,200	11,19,300
Fair value of plan assets as at end of the year	-	-
Funded Asset recognised in the Balance Sheet	-	-
Unfunded obligation recognised in the Balance Sheet	11,53,200	11,19,300
Shown as		
Non-Current Provision (refer note no. 5)	42,86,707	42,86,707
Current Provision (refer note no. 9 & (c) below)	42,98,751	44,02,599

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**III. Expenses recognised in the Statement of Profit and Loss:**

	<u>Year ended March 31, 2017</u>	<u>Year ended March 31, 2016</u>
	₹	₹
	<b>Gratuity</b>	<b>Gratuity</b>
Current service cost	2,25,972	3,49,678
Past service cost	-	-
Interest cost	79,983	2,33,826
Expected Return on Plan Assets	-	-
Net Actuarial (gain) / Loss recognised in the period	(1,68,207)	(28,60,794)
Total Expenses recognised in the Statement of Profit and Loss *	1,37,748	(22,77,290)
(refer Note C below)		

**b. Compensated Absences (Non – Funded Scheme)**

Compensated Absences has been provided based on valuation, as at the balance sheet date, made by independent actuaries .

**The amount recognised in the statement of profit & loss during the year is ₹ "NIL" (P.Y. ₹ "NIL")**

<b>Particulars</b>	<u>Year ended March 31, 2017</u>	<u>Year ended March 31, 2016</u>
	₹	₹
	<b>Compensated Absences</b>	<b>Compensated Absences</b>
Unfunded obligation recognised in the Balance Sheet	4,03,689	3,36,770
Shown as		
Non-Current Provision (refer note no. 5)	2,81,854	2,81,854
Current Provision (refer note no. 8 & (c) below)	1,21,835	54,916

**c.** Based on the Actuarial valuation by Independent Actuary, there is decrease in gratuity obligation by ₹ 74,32,258 as at March 31, 2017. However, the company has continued with the existing provision and has not reversed such decrease in obligation.

**32 Related Party Disclosures:**

**A. List of related parties with whom transactions have taken place and relationships:**

**Subsidiaries (Direct)**

1. M.B. Diamonds LLC - Russia
2. Goenka Diamond & Jewels DMCC - Dubai

**Enterprises in which Key management personnel are interested :**

1. Goenka Diamonds Private Limited
2. Mystique Jewels
3. Goenka Jewellers
4. Geet Holdings Private Limited
5. Yash Complex Private Limited





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

6. Sonam Complex Private Limited
7. Goenka Infra Projects Private Limited
8. Goenka Mining Resources Private Limited
9. Goenka Entertainments Private Limited
10. Goenka Properties Private Limited
11. Gem Gold Mining Private Limited
12. Top Minerals Private Limited
13. Aureus Gold Mines Private Limited
14. Shree Vriddhi Mines and Minerals Private Limited
15. Gold Mineral Resources Development Private Limited
16. Chrome Mines and Minerals Private Limited
17. Goenka Power and Infra Limited
18. D.V.Exports
19. Dinyog Finvest Private Limited
20. Nand Lal Goenka (HUF)
21. Solitaire Diamond Exports
22. Shobhagya Capital Options Limited
23. Shobhagya Securities Limited

**Key Management Personnel (KMP):**

1. Sh Nandlal Goenka
2. Sh Navneet Goenka

**Relative of Key Management Personnel**

1. Smt. Namita Jain (Daughter of Sh Nandlal Goenka)
2. Smt. Neeta Saraf (Daughter of Sh Nandlal Goenka)
3. Smt. Nirmala Goenka (Wife of Sh Nandlal Goenka)
4. Smt. Bhawna Goenka (Wife of Sh Navneet Goenka)

**B. Related Party Transactions**

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel / Associates / Others	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>a. Rent Paid</b>						
1. Nandlal Goenka	-	-	9,90,000	9,90,000	-	-
2. Bhawna Goenka	-	-	-	-	3,00,000	3,00,000
3. Nirmala Goenka	-	-	-	-	3,00,000	3,00,000
<b>b. Remuneration #</b>						
1. Nandlal Goenka	-	-	6,00,000	6,00,000	-	-
2. Navneet Goenka	-	-	4,80,000	4,80,000	-	-
3. Nitin Goenka	-	-	-	4,13,793	-	-
<b>c. Perquisites</b>						
1. Navneet Goenka	-	-	2,24,400	2,24,400	-	-
2. Nandlal Goenka	-	-	1,59,600	1,59,600	-	-
<b>d. Interest Received</b>	87,49,650	90,79,248	-	-	58,80,000	58,80,000

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel / Associates / Others	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>g.</b> Share of Profit from Partnership Firm	-	-	-	-	(25,92,097)	(14,72,869)
<b>(ii) Balances as at 31.03.2017</b>						
<b>1. Loans Given</b>						
i. Goenk Diamnd & Jewels DMCC	12,49,95,000	12,93,49,155	-	-	-	-
<b>2. Advances</b>						
i. M B Diamond LLC	59,78,485	59,78,485	-	-	-	-
<b>3. Interest Accrued and Due</b>						
i. Goenk Diamnd & Jewels DMCC	3,51,17,448	2,63,67,798	-	-	-	-
<b>4. Sundry Debtors</b>						
i. M B Diamond LLC	1,03,81,044	1,03,81,044	-	-	-	-
<b>5. Security Deposits</b>						
i. Nandlal Goenka	-	-	50,000	50,000	-	-
ii. Nitin Goenka	-	-	50,000	50,000	-	-
iii. Bhawna Goenka	-	-	-	-	50,000	50,000
iv. Nirmala Goenka	-	-	-	-	50,000	50,000
<b>6. Credit Balance of following parties</b>						
i. Nandlal Goenka	-	-	87,50,869	76,48,466	-	-
ii. Navneet Goenka	-	-	8,78,510	5,77,070	-	-
iii. Nitin Goenka	-	-	-	55,70,763	-	-
iv. Bhawna Goenka	-	-	-	-	8,55,800	5,85,800
v. Nirmala Goenka	-	-	-	-	10,35,000	7,65,000
7. Investment in Subsidiaries	9,47,604	9,47,604	-	-	-	-
<b>8. Investment in Others</b>						
i. Gem Gold Mining Pvt. Ltd.	-	-	-	-	4,90,00,000	4,90,00,000
ii. Solitaire Diamond Exports	-	-	-	-	10,00,000	10,00,000
9. Balance in Current A/c- Partnership Firm	-	-	-	-	(3,51,30,364)	(3,32,34,568)

# As liability for gratuity and compensated expenses are computed for all the employees in aggregate, the amounts relating to the Key Management Personnel cannot be individually identified.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

- 33 During the financial year 2010-2011, the Company had completed its Initial Public Offer (IPO) comprising of 93,71,000 equity shares of ₹ 10/- which were issued at a price of ₹. 135/- per equity share (including share premium of ₹ 125/- per equity share) and raised funds amounting to ₹ 126,50,85,000/-. The Objects of the issue as mentioned in the prospectus were as follows : -

Sr. No.	Particulars of expenditure	Amount (₹)
1	Establishment of G WILD Stores	5,16,72,000
2	Establishment of CERES Stores	2,13,02,000
3	Working capital requirement for jewellery business	84,59,96,000
4	Establishment of jewellery manufacturing facility	3,84,36,000
5	Establishment of diamond processing facility	3,29,23,000
6	Investment in our Subsidiary	25,00,00,000
7	General corporate purposes	-
	<b>Total</b>	<b>1,24,03,29,000</b>

In view of the highly competitive and dynamic nature of the industry in which the Company operates and due to changing requirement of the company, the Board of Directors had approved at their meeting held on May 24th, 2011 and the shareholders had also approved in the annual general meeting held on Septmeber 30th 2011, the following inter-se reallocation of utilisation of the IPO proceeds:

		Amount in ₹		
Amount Received from IPO		1,26,50,85,000	1,26,50,85,000	1,26,50,85,000
S. No.	Particulars of proposed reallocated expenditure	Proposed	Actual	Actual
			31-Mar-17	31-Mar-16
1	For expansion and establishment of new retail stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities and other general capex required for expansion	11,43,84,000	11,43,84,000	11,43,84,000
2	Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner	20,00,00,000	19,23,02,133	18,93,59,193
3	Working Capital Requirement for business	84,59,96,000	84,59,96,000	84,59,96,000
4	General Corporate Purposes	2,18,37,000	2,18,37,000	2,18,37,000
5	Issue Expenses	8,28,68,000	8,28,68,000	8,28,68,000
	<b>Total</b>	<b>1,26,50,85,000</b>	<b>1,25,73,87,133</b>	<b>1,25,44,44,193</b>
	Unutilized Amount Represented by			
	Investments in Mutual Funds & Govt. Bonds		-	-
	Bank Balance / ICD		76,97,867	1,06,40,807

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

34 Earnings Per Share (EPS) #	Year ended March 31, 2017		Year ended March 31, 2016	
	₹	₹	₹	₹
a. Profit after Tax (₹)		(6,42,08,128)		(32,22,02,370)
- Before Exceptional Item	(6,42,08,128)		(32,22,02,370)	
- After Exceptional Item	(6,42,08,128)		(32,22,02,370)	
b. Dividend on Preference Shares (₹.)		-		-
c. Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹.) (a-b)		(6,42,08,128)		(32,22,02,370)
d. Weighted average number of Equity shares Outstanding during the year for basic EPS (After adjustment for sub-division of shares during current financial year)		31,70,00,000		31,70,00,000
e. Weighted average number of Equity Shares outstanding during the year for Diluted EPS (After adjustment for sub-division of shares during current financial year)		31,70,00,000		31,70,00,000
f. Basic Earnings Per Share				
- Before Exceptional Item		(0.20)		(1.02)
- After Exceptional Item		(0.20)		(1.02)
g. Diluted Earnings Per Share				
- Before Exceptional Item		(0.20)		(1.02)
- After Exceptional Item		(0.20)		(1.02)
 35 Contingent Liabilities & Commitments		<b>Year ended March 31, 2017</b>		<b>Year ended March 31, 2016</b>
		₹		₹
<b>Capital Commitment:</b>				
Estimated amount of contracts remaining to be Executed and not provided for		NIL		NIL
<b>Contingent Liabilities</b>				
<b>(a) Claims against the Company not acknowledged as debts</b>				
Refer Note 37 (c) regarding interest on recalled loans or loans classified by the banks as NPA where interest in earlier years is either not applied or penal interest/higher rate of interest is applied. The Company in earlier years in its best judgement has provided all probable interest liability up till previous year. Any excess interest charged or remaining to be charged by the banks of previous years has not been acknowledged as debts by the company and shall be accounted for as and when the same is settled. In absence of complete details, the amount is unascertained.				
i) <b>Income Tax Matters (Against which company has preferred appeals)</b>		82,56,43,177		77,55,47,414
(Pertaining to AY 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15 (P.Y. AY 2004-05, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 )				
ii) <b>Service Tax Matter (Appeal filed by company)</b>		6,22,540		6,22,540
iii) <b>Punjab Value Added Tax demand against which company has preferred appeal</b>		31,82,500		31,82,500
iv) The Company does not envisage any liability in respect of income tax of earlier years on account of exchange gain on restatement of trade receivables up to previous years, as it is likely to be offset with additional interest provision, if company were to pay interest at applicable rate including penal interest. Further, any income tax liability on account of non-adjustment or non-disallowance of income and/ or expenses that may arise on income tax proceeding shall be accounted for on final assessment.				

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

- 36 The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at ₹ 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts
- 37 (a) In the financial year 2013-2014, disputes amongst promoters arose under which allegations and counter allegation were made and legal actions were initiated amongst promoters. However, thereafter the promoters arrived at the settlement with the help of court mediation vide settlement agreement executed on March 18, 2014 which is at the final stage of implementation. The management reiterates that no adjustment is required in the financial statements for the terms and conditions of settlement agreement executed and on account of the above disputes. allegations and legal actions.
- (b) Due to certain unfavourable developments and sluggish market in earlier periods, there is substantial decrease in sales and volume of the business. Recoveries from trade receivables are slow and there is a temporary mismatch in the cash flow resulting in overdue creditors, default in repayment of statutory dues and dues to banks owing to which all banks have classified the account as NPA and recalled their loans. The management is hopeful that these old trade receivables shall be recovered as the company has initiated legal actions against such debtors, wherever considered necessary. Further, the management is taking all possible steps to revive the business operations and intend to approach consortium bankers for restructuring/ one-time settlement of the its entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation in phased manner. At the same time, management is hopeful that it will be able to raise adequate finance from internal accruals and alternate means to meet its short term and long term obligations. Hence the accounts of the Company are prepared on going concern basis.
- (c) Consequent to defaults in re-payment of loan and payment of interest, all consortium banks have classified the account as NPA and have recalled their loans. These banks are either not charging interest or have charged excess interest in earlier years. As the promoters of the Company have approached consortium banks with proposal for settlement of entire dues, envisaging part-payment of principal amount against working capital loan dues, the Board have decided not to provide Interest for the year amounting to ₹ 30,82,00,689/- (as calculated by management) on working capital borrowings availed by the Company. To the extent information available with the Company, certain banks have charged Interest amounting to ₹ 11,69,48,000/- during the year under review which is not considered by the Company.
- (d) No provision has been made on an investment of ₹ 2,03,190/- and advance given of ₹ 1,63,59,529/- by the Company to its subsidiary namely M/s. M. B. Diamond LLC (Russia) whose net-worth is negative as the management is of view that the investment is in the nature of long term investment and the diminution in value is temporary in nature. The management is confident that the subsidiary shall revive its business operations in near future.
- (e) The company had invested in 12% Optionally Convertible unsecured debentures of ₹ 4.90 Crores with an option to i) redeem within a period of 3 years from the date of issue or ii) convert into such number of equity shares as set out in the terms within a period of three years from the date of issue. Interest on these OCDs are to be payable on quarterly basis. Subsequently, the term for conversion or redemption was extended from 3 years to 9 years and also interest on these OCDs shall now be payable at coupon rate in lump sum at the time of redemption/ conversion date. However, the arrears of interest up till March 31, 2017 on the OCDs was recovered during the year. The management is of the view even though the net worth of the company is fully eroded, no provision is required against the said investment as there is substantial value in the investee company and it shall be able to pay the interest and principal amount due.
- (f) Due to factors mentioned in Note No. 7(b) and 16(a) & (b) , the Company has decided not to account of exchange differences and has carried forward monetary items denominated in foreign currency at the rate as at March 31, 2015 and /or March 31, 2016. Accordingly, the Trade Receivables and Advances are understated by ₹ 7,33,59,120/- and ₹ 144,155/- respectively and Trade Payables are overstated by ₹ 3,28,29,113/- . Had these monetary items denominated in foreign currency been restated at closing rate as at year end, the exchange loss for the year would have been higher by ₹ 16,76,31,547/-.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

38 Disclosure in respect of derivative instruments as at March 31, 2017

a) **Following derivative instruments have been acquired for hedging purposes against our Export Receivables**

Year ended March 31, 2017		Year ended March 31, 2016	
Type Of Currency USD / INR	Value of Contract NIL	Type Of Currency USD / INR	Value of Contract NIL

Number of Contracts Outstanding "NIL" (Previous year "NIL" )

b) No derivative instruments are acquired for trading or speculation purposes.

c) Foreign Currency Exposures that are not hedged by derivative instruments or otherwise as at reporting date are as below:

Particular	Amount in INR		In Foreign Currency in USD	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Trade Recievable	7,29,97,83,262	6,98,72,11,286	\$ 11,00,47,702.75	\$ 11,01,49,830.90
Trade Payable	2,97,12,78,902	2,97,12,78,902	\$ 4,47,93,441.90	\$ 4,47,93,441.90
Receivable from Subsidiary Company	63,35,920	63,35,920	\$ 95,517.00	\$ 95,517.00
EBRD & PCFC Loan	-	73,66,38,956	\$ -	\$ 1,11,05,182.44
Bank Current Account	78,539	78,539	\$ 1,184.01	\$ 1,184.01
Loan to Subsidiary Company	12,49,95,000	12,93,49,155	\$ 19,50,000.00	\$ 19,50,000.00

### 39 Segment Reporting

- a) Segment has been identified in line with the Accounting Standard – 17 “Segment Reporting” issued by ICAI taking in to consideration the organization structure as well as the differential risks and returns of these segments.
- b) The differential risks and rewards of the company is more identifiable and associated with the method of distribution of Products and hence, the company has identified two reportable segment viz. Diamond & Gems and Retail Jewellery Operations.
- c) The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, are shown unallocable under respective heads.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

A) Primary Segment : Business Segment

Particulars	As at March 31, 2017				As at March 31, 2016			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
<b>Primary Segment (by Product)</b>								
<b>Revenue</b>								
Segment Revenue	2,31,06,991	52,17,347	-	<b>2,83,24,338</b>	84,93,74,125	6,51,18,954	-	<b>91,44,93,079</b>
<b>Results</b>								
Segment Results	40,07,356	(2,92,38,088)	-	<b>(2,52,30,733)</b>	(10,87,04,865)	2,53,68,042	-	<b>(8,33,36,825)</b>
<b>Operating Profit</b>				<b>(2,52,30,733)</b>				<b>(8,33,36,825)</b>
Other Income				2,25,94,140				1,66,55,380
Unallocable Expenses				(1,75,19,107)				(2,00,03,641)
Interest Expenses				(77,64,811)				(22,95,89,031)
<b>Net Profit Before Tax</b>				<b>(2,79,20,510)</b>				<b>(31,62,74,121)</b>
<b>Segment Assets</b>	<b>6,58,99,22,068</b>	<b>82,46,20,658</b>	<b>23,80,04,576</b>	<b>7,65,25,47,303</b>	<b>6,60,42,44,038</b>	<b>85,82,52,019</b>	<b>28,87,78,752</b>	<b>7,75,12,74,809</b>
<b>Segment Liabilities</b>	<b>2,99,82,07,672</b>	<b>3,92,45,529</b>	<b>1,96,75,29,422</b>	<b>5,00,49,82,624</b>	<b>2,99,84,59,589</b>	<b>4,01,30,728</b>	<b>1,99,65,57,533</b>	<b>5,03,51,47,850</b>
<b>Net Capital Employed</b>	<b>3,59,17,14,396</b>	<b>78,53,75,129</b>	<b>(1,72,95,24,846)</b>	<b>2,64,75,64,680</b>	<b>3,60,57,84,449</b>	<b>81,81,21,291</b>	<b>(1,70,77,78,781)</b>	<b>2,71,61,26,959</b>
Capital Expenditure	-	-	-	-	-	-	-	-
Depreciation & Amortization	28,65,935	23,71,696	6,22,155	58,59,786	29,96,610	24,87,234	6,69,408	61,53,252

B) Secondary Segment : Geographical Segment

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Segment Revenue by Customer's Location	2,83,24,338	-	2,83,24,338	14,04,84,006	77,40,09,073	91,44,93,079
Segments Assets	67,18,48,677	6,98,06,98,626	7,65,25,47,303	1,47,76,66,863	6,27,36,07,946	7,75,12,74,809

40 Obligation towards operating Leases

	Year ended March, 31 2017 ₹	Year ended March, 31 2016 ₹
<b>Operating Lease Obligation</b>		
Not Later than one year	-	15,90,000
Later than one year but not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<u>-</u>	<u>15,90,000</u>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**41 Advances to Subsidiary / Partnership Firm**

Particular	Maximun Amount Outstanding		Year End Balance	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
M/s. M B Diamonds LLC ( Subsidiary)	59,78,485	59,78,485	59,78,485	59,78,485
M/s. Solitaire Diamond Exports (a Partnership Firm)	NIL	NIL	NIL	NIL
M/s. Goenka Diamond & Jewels DMCC (WOS)	13,25,11,665	12,93,49,155	12,49,95,000	12,93,49,155

Disclosure under section 186: The above advances have been given and utilized for general business purpose.

- 42** In the opinion of the Board, all assets other than fixed assets and non current investment have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.
- 43** Previous year's figures have been regrouped or rearranged wherever necessary.

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
**Chairman**  
DIN No. 00125281

**SANDEEP MUNDRA**  
**Partner**  
**M.No.: 075482**

**B N RAO**  
**Partner**  
**M.No.: 039555**

**NAVNEET GOENKA**  
**MD & Chief Financial Officer**  
DIN No. 00164428

**Place - Mumbai**  
**Date - May 30, 2017**

**KUNDAN TANAWADE**  
**Company Secretary**



**INDEPENDENT AUDITOR'S REPORT****To the Members of Goenka Diamond and Jewels Limited****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Goenka Diamond and Jewels Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a 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 the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

**Basis of Qualified Conclusions**

a. *Refer Note No. 7(b) and 15 (b) regarding following monetary items denominated in foreign currency has not been reported using the closing rate as at year end and has been carried forward at the rate as at 31st March 2015 and / or 31st March 2016, which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates"*

i) *Trade Receivables outstanding amounting to ₹. 697,03,17,582/-.*

ii) *Trade Payables outstanding amounting to ₹. 297,12,78,902/-.*

*Accordingly, the Trade Receivables are understated by ₹. 7,31,08,811/- and Trade Payables are overstated by ₹. 3,28,29,113/- resulting in understatement of exchange loss for the year by ₹. 16,71,55,849/- and understatement of cumulative gain due to exchange differences by ₹. 10,59,37,924/-.*

b. *Refer Note No. 33 (c) regarding non-provision of interest on borrowings amounting to ₹. 30,82,00,689/- as the banks have classified the Holding Company's account as Non-performing Asset and the management has submitted one-time settlement proposal, which is still pending with banks. Accordingly, finance cost and current liabilities are understated by ₹. 30,82,00,689/-.*

*Had these exchange differences been provided for the year and the Interest been accounted for, the loss after tax for the year would have been increased by ₹. 47,53,56,538/- and Reserves and Surplus is cumulatively overstated by ₹. 20,22,62,765/- as at the year end.*

### **Basis of Disclaimer of Opinion**

- a. *Refer Note No. 15 (a) regarding Trade Receivables amounting to ₹. 749,68,42,330/- which includes ₹. 749,41,95,151/- outstanding of more than six months. There have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are not significant. Further, no confirmations have been received / obtained from the Trade Receivables. In view of the above we are unable to comment on the time-frame of the realisability of these debts and any provision to be made for un-realisability in the carrying amount of these balances and the consequent impact on the financial statements.*
- b. *The Group's operating results have been materially affected due to various factors including non-realization of debtors, erstwhile dispute amongst promoters, non-availability of finance due to recall of loans by banks in consortium, legal actions initiated by Banks, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, non-payment to creditors and defaults in repayment of loans and interest. These events cause significant doubts on the ability of the group to continue as a going concern. The appropriateness of the going concern assumption is dependent on the group's ability to raise adequate finance from alternative means and / or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations.*

*In absence of any convincing audit evidence, non recovery of trade receivable on due date, non-payment of liabilities including trade payables and statutory dues, financial difficulty faced by the group due to recalling of the bank finance facilities and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial statements. We are also unable to conclude on ability of the group to carry on as a going concern.*

### **Disclaimer of Opinion**

*Because of the significance of the matters described in the basis of disclaimer of opinion paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of trade payables and liabilities including statutory dues, financial difficulties faced by group due to recalling of bank finance and initiation of legal actions by bank, it is not possible to form an opinion on the consolidated financial statements due to the potential interaction of these uncertainties and their possible cumulative effect on the consolidated financial statements. Accordingly, we do not express an opinion on the consolidated financial statements.*

### **Emphasis of Matter**

*We draw attention to*

- i. *Significant accounting policy No. 1(G) regarding valuation of inventory is based on determination of estimated net realizable value and specific identification involving technical judgment of management and which has been relied upon by us.*
- ii. *Refer Note 8 (A) regarding two banks having outstanding dues of ₹. 21,61,71,267/- have neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts. Further balances of Trade Receivables, Trade Payables and Current Assets and Liabilities are subject to confirmations and consequential adjustment thereof.*
- iii. *As mentioned in Note no. 33(d), the group has made investment in Optionally Convertible Debentures (OCD) of ₹. 490,00,000/- in an entity whose net worth has been considerably eroded. No provision against these investments and advance has been made as the management is of the view that the entity wherein the group has made investment in the OCD has substantial business value.*

### **Other Matter**

*We did not audit the financial statements of Two subsidiaries companies and a subsidiary entity, whose financial statements reflects total assets of ₹. 68,87,39,838/- as at March 31, 2017, total revenues of ₹. 35,61,504/- and total loss after tax of ₹. 962,15,598/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our report on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditor.*

*Our report on the consolidated financial statements and on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the management.*

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report that:

- a. *As described in Basis of Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;*
- b. *Due to possible effects of the matters as described in the Basis of Disclaimer of Opinion paragraph and effects of the matters as mentioned in Basis of Qualified Conclusion paragraph, we are unable to state whether, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;*
- c. *The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.*
- d. *Due to effects/ possible effects of the matters described in Basis for Qualified Conclusion/ Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;*
- e. *The matters described in Basis of qualified Conclusion paragraph, Basis of Disclaimer of opinion paragraph and Emphasis of Matter paragraph and other observations made in statement on the matters specified in paragraph 3 and 4 of the Order above, may have an adverse effect on the functioning of the Group.*
- f. On the basis of written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis of qualified Conclusion paragraph, Basis of Disclaimer of opinion paragraph and Emphasis of Matter paragraph above;
- h. With respect to the adequacy of Internal Financial Control over financial reporting of the Group, since the subsidiaries companies are incorporated outside India and a subsidiary entity is not material to the Group, no separate report on internal financial control over financial reporting and the operating effectiveness of such controls, for the Group is being issued;
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements Refer Note 31 to the consolidated financial statements;
  - ii. The Group did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
  - iv. The group has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016. Based on audit procedures performed by us and on the basis of information provided by other auditor of a subsidiary entity, we report that the disclosures are in accordance with the books of account maintained by the Holding Company & a subsidiary entity - Refer Note No. 16 (ii) to the consolidated financial statements. Further, two of the subsidiaries are incorporated outside India; no such disclosure is made by these subsidiary companies.

For RSVA & Co,  
Chartered Accountants  
ICAI Firm Reg. No. 110504W

B.N. Rao  
Partner  
Membership No. 039555  
Place : Mumbai  
Date : May 30, 2017

For B. Khosla & Co.  
Chartered Accountants  
ICAI Firm Reg. No.000205C

Sandeep Mundra  
Partner  
Membership No.075482  
Place : Mumbai  
Date : May 30, 2017

## 27<sup>th</sup> Annual Report 2016 - 2017

### CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at March 31, 2017 ₹	As at March 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	31,70,00,000	31,70,00,000
Reserves And Surplus	3	2,32,05,44,436	2,48,21,41,184
Money received against share warrants		-	-
		<b>2,63,75,44,436</b>	<b>2,79,91,41,184</b>
Minority Interest		8,20,012	8,46,195
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	-	2,57,37,701
Long-Term Provisions	5	45,68,561	45,68,561
		<b>45,68,561</b>	<b>3,03,06,262</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	6	2,51,77,505	42,66,90,315
<b>Trade Payables</b>			
a) Total outstanding dues of Micro & Small Enterprises		-	-
b) Total outstanding dues on creditors other than Micro & Small Enterprises	7	3,56,20,04,167	3,57,71,67,201
Other Current Liabilities	8	1,89,52,59,730	1,50,08,00,618
Short-Term Provisions	9	3,74,93,144	3,37,30,346
		<b>5,51,99,34,546</b>	<b>5,53,83,88,480</b>
<b>Total</b>		<b>8,16,28,67,555</b>	<b>8,36,86,82,121</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	9,26,41,172	9,86,05,113
Intangible Assets	10	-	15,28,061
Capital Work-In-Progress	10	-	-
Non-Current Investments		-	-
Deferred Tax Assets	11	41,54,785	62,94,149
Long-Term Loans and Advances	12	23,52,273	3,85,26,315
Other non-current assets		-	-
		<b>9,91,48,229</b>	<b>14,49,53,638</b>
<b>Current Assets</b>			
Current Investments	13	4,90,00,000	4,90,00,000
Inventories	14	50,51,75,892	62,18,51,901
Trade Receivables	15	7,49,68,42,330	7,51,35,28,818
Cash and Bank Balances	16	76,13,481	1,25,55,326
Short-Term Loans and Advances	17	36,48,393	57,93,332
Other Current Assets	18	14,39,229	2,09,99,105
		<b>8,06,37,19,325</b>	<b>8,22,37,28,483</b>
<b>Total</b>		<b>8,16,28,67,555</b>	<b>8,36,86,82,121</b>
<b>Significant Accounting Policies</b>	1		
<b>Other Notes on Financial Statements</b>	27 to 34		

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B.N. Rao**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note	Year ended March 31, 2017 ₹	Year ended March 31, 2016 ₹
<b>REVENUE</b>			
Revenue From Operations	19	3,09,16,435	91,59,65,948
Other Income	20	1,46,35,378	75,77,082
<b>Total</b>		<b>4,55,51,813</b>	<b>92,35,43,030</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	(3,81,06,161)	80,95,36,909
Purchases of Stock-In-Trade	22	-	-
Changes in Stock-In-Trade	23	15,60,78,673	11,58,93,537
Employee Benefits Expense	24	1,23,52,926	1,41,49,159
Finance Costs	25	77,89,915	22,96,04,771
Depreciation and Amortization Expense	10	59,63,944	62,57,834
Other Expenses	26	2,20,55,466	28,99,01,698
<b>Total</b>		<b>16,61,34,763</b>	<b>1,46,53,43,908</b>
<b>Profit Before Tax</b>		<b>(12,05,82,950)</b>	<b>(54,18,00,878)</b>
<b>Tax Expense:</b>			
(1) Current Tax (MAT)		-	-
(2) MAT Credit Entitlement (refer Note No. 12 (a))		3,61,48,254	-
(3) Earlier Years Tax		-	-
(4) Deferred Tax Charges/(Credits)		21,39,364	59,28,249
		<b>3,82,87,618</b>	<b>59,28,249</b>
<b>Profit Before Minority Interest</b>		<b>(15,88,70,568)</b>	<b>(54,77,29,129)</b>
Minority Interest		26,183	(4,29,309)
<b>Profit for the Year</b>		<b>(15,88,44,386)</b>	<b>(54,81,58,438)</b>
<b>Earnings Per Share (FV ₹.1/-Each - Refer Note No.29)</b>			
<b>Basic / Diluted (₹)</b>			
<b>Before Extra-Ordinary Item</b>		<b>(0.50)</b>	<b>(1.73)</b>
<b>After Extra-Ordinary Item</b>		<b>(0.50)</b>	<b>(1.73)</b>

Significant Accounting Policies

1

Other Notes on Financial Statements

27 to 34

As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B.N. Rao**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

PARTICULARS	Year ended	Year ended
	March, 31 2017	March, 31 2016
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extraordinary items	(12,05,82,950)	(54,18,00,878)
Adjustment for		
Depreciation	59,63,944	62,57,834
Unrealised Exchange Difference	(25,45,443)	11,78,86,034
Foreign Currency Translation Reserve	(27,52,365)	66,00,250
Impairment of Fixed Assets	-	-
Profit on Sale of Fixed Assets	-	-
Gratuity & Leave Liabilities	-	-
Finance Charges Paid	77,89,915	22,96,04,771
Interest Income	(63,58,869)	(74,41,012)
Dividend Income	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(11,84,85,769)</b>	<b>(18,88,93,003)</b>
Adjustment for		
Trade and other receivables(including loans and advances)	8,27,57,400	(29,00,28,748)
Inventories	11,66,76,010	24,44,26,401
Trade payable	(1,51,63,033)	25,84,10,305
Other Current Liabilities	(5,57,50,203)	9,24,64,529
<b>Cash generated from operations</b>	<b>1,00,34,404</b>	<b>11,63,79,483</b>
Income Tax Paid (Net)	(6,35,798)	(7,39,678)
Fringe Benefit Tax Paid	-	-
<b>Net cash from Operating Activities</b>	<b>93,98,606</b>	<b>11,56,39,805</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	15,28,061	-
Investment in Mutual Fund & Fixed deposits	-	-
Interest Income	63,58,869	74,41,012
Dividend Income	-	-
<b>Net cash from investing activities</b>	<b>78,86,930</b>	<b>74,41,012</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Borrowings	(94,26,652)	10,67,19,644
Interest & Bank Commission paid on Borrowings	(77,89,915)	(22,96,04,771)
Dividend Paid ( Including Dividend Distribution Tax )	-	-
<b>Net cash from financing activities</b>	<b>(1,72,16,567)</b>	<b>(12,28,85,127)</b>
Net increase in Cash and Cash equivalent (A+B+C)	68,969	1,95,690
Cash and Cash equivalent in the Opening balance	42,64,850	40,69,160
<b>Cash and Cash equivalent in the Closing balance</b>	<b>43,33,819</b>	<b>42,64,850</b>
<b>Note :</b>		
<b>Cash and cash equivalent include cash on hand, bank balance and cheques in hand.</b>		
<b>Closing Cash and Cash Equivalents as per books</b>		
Total of Cash & Cash Equivalents ( Refer Note No. 16)	76,13,481	1,25,55,326
Fixed Deposit	32,79,662	82,90,476
<b>Cash and Cash equivalent in the Closing balance</b>	<b>43,33,819</b>	<b>42,64,850</b>
Cash in hand	5,47,821	10,71,767
Current Accounts	37,85,998	31,93,083
<b>Total</b>	<b>43,33,819</b>	<b>42,64,850</b>

As per our report of even date attached

For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For &amp; On behalf of the Board

**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B.N. Rao**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****1a. Significant Accounting Policies for the period ending on March 31, 2017****A. Basis for Preparation of Consolidated Financial Accounts**

- a) The CFS relates to M/s. Goenka Diamond & Jewels Limited ('the holding Company') and its Subsidiaries (together referred to as 'GDJL Group') have been prepared in compliance with the applicable Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('The Act') and other pronouncement of The Institute of Chartered Accountants of India, on relevant provisions of the Act; applicable guidelines issued by the Securities Exchange Board of India (SEBI) and generally accepted accounting principles applicable in India (GAAP). The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.
- b) The consolidated financial statement has been prepared under historical cost convention on an accrual basis.

**B. Principle of Consolidation**

- (a) The entities considered in the consolidated financial statements are :

Name of Entities	Country of Incorporation	Ownership Interest/ Voting Power	Financial Year Period
M.B. Diamonds LLC	Russia	95%	April 16 to Mar 17
Goenka Diamond & Jewels DMCC	Dubai	100%	April 16 to Mar 17
Solitaire Diamond Exports	India	99%	April 16 to Mar 17

- (b) The Consolidated financial statement has been prepared on the following basis.
- (i) The consolidated financial statements has been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statements" as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
- (ii) The financial statements of GDJL Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.
- (iii) The consolidated financial statements has been prepared by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company's independent financial statements unless stated otherwise.
- (iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) "The Effects of Changes in Foreign Exchange Rates" as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
- (v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary at the date it became subsidiary is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
- (vi) Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration;
- The Minority' share of movement in equity since the date parent-subsidiary relationship came into existence.
  - The Profits/loss attribute to the minority is adjusted against the income of the group in order to arrive at the net income attribute to the company.
- (vii) All Employees' related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.
- (viii) The financial statements of M. B. Diamonds, LLC and Goenka Diamond & Jewels DMCC for the period April 2016 to March 2017 have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, and the same is being considered for the purpose of consolidation.

**C. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### D. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation / amortization and impairment losses. Cost includes acquisition cost, freight, duties, taxes and other incidental expense incurred during the construction / installation stage attributable to bringing the asset to working condition for its intended use.

Expenditure on software is recognized as 'Intangible Assets' and is amortized over a period of three years.

### E. Depreciation and Amortization

#### For Parent Company

Depreciation on Fixed Assets, other than assets acquired on lease, is being provided over the useful life of an asset on written down value method and in the manner specified in Schedule II of the Act.

#### For Subsidiaries

Depreciation on Fixed Assets, other than assets acquired on lease, is being provided over the estimated useful life of an asset on Straight Line Method.

Assets acquired on lease are amortized in equal installments over the period of lease or estimated useful life, whichever is lower. The expenditure incurred on improvement on leased premises is written off proportionately over the initial period of lease.

### F. Impairment of Fixed Assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the assets belongs, is less than the carrying amount, carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

### G. Inventories

- a. Inventories are valued at lower of cost and estimated net realizable value. Cost is determined on First-in First-out', 'Specific Identification', or "Weighted Average' basis, as the case may be. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.
- c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

### H. Investments

Investments that are readily realizable and are intended to be held for not more than 1 year from the date, on which such investments are made, are classified as current investment. All other investments are classified as non-current investment.

Non-Current investments are stated at cost. Provision for diminution in the value of non-current investments is made if such decline is other than temporary in nature.

Current investments are carried at lower of cost or market value.

### I. Revenue Recognition

#### **Sale of Goods:**

Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

### J. Other Income

#### **a) Dividend on Investment:**

Dividends are recognized when the right to receive payment is established.

#### **b) Interest Income:**

Interest Income is recognized on time proportion basis taking in to account the amount outstanding & rate applicable.



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****K. Foreign Currency Transactions:****a. Initial Recognition:**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

**b. Conversion:**

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments.

**c. Exchange Differences:**

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences arising on the monetary items that, in substance, forms part of an enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve in the financial statements until the disposal of net investment, at which time they would be recognized an income or as expense in the Statement of Profit and Loss.

**d. Forward Exchange Contract not intended for trading or speculation purposes:**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the Statement of Profit and Loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

**L. Employee Benefits:**

Short term employee benefits are recognized as an expense at the undiscounted amount in Statement of Profit and Loss of the year in which the related service is rendered.

The Group's Liability towards gratuity and compensated absences are determined on the basis of year end actuarial valuation applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Statement of Profit and Loss as income or expense in the year in which they arise.

**M. Borrowing Cost:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**N. Leases**

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**O. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

### P. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### Q. Segment Reporting

#### **Identification of segments:**

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

#### **Inter segment Transfers:**

The Group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

#### **Allocation of common costs:**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### **Unallocated items:**

Includes general corporate income and expense items which are not allocated to any business segment.

#### **Segment Policies:**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

### R. Provision for Current and Deferred Taxation:

Income tax is accounted in accordance with AS-22 'Accounting for Taxes on Income', issued by The Institute of Chartered Accountants of India (ICAI), which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of the current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same and are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

Current tax is determined as the amount of tax payable in respect of taxable income using the applicable tax rates and tax laws for the year.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal Income Tax during the specified period. Such assets is reviewed at each balance sheet date and carrying amount of the MAT credit is written down to extend there is no longer a convincing evidence to the effect that the Group will pay normal Income tax during the specified period.

### S. Provision, Contingent Liabilities and Contingent Assets:

**Provisions** are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a. the Group has a present obligation as a result of past event,
- b. a probable outflow of resources is expected to settle the obligation and
- c. the amount of the obligation can be reliably estimated

**Contingent Liability** is disclosed in case of

- a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b. a possible obligation, unless the probability of outflow of resources is remote

**Contingent Assets** are neither recognized, nor disclosed.

*Provisions, Contingent Liabilities and Contingent Assets* are reviewed at each Balance Sheet Date.



CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2 Share Capital

a The details of Authorised, Issued, Subscribed and paid-up capital are as under :-

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount ₹	Number	Amount ₹
<b>Authorised Share Capital</b>				
Equity Shares of ₹ 1/- each fully paid up	33,00,00,000	33,00,00,000	33,00,00,000	33,00,00,000
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of ₹ 1/- each fully paid up	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
		<b>31,70,00,000</b>		<b>31,70,00,000</b>

b The Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year is as under :-

Particulars	As at March 31, 2017 Equity Shares		As at March 31, 2016 Equity Shares	
	Number	Amount ₹	Number	Amount ₹
Shares outstanding at the beginning of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000

c The company has one class of equity shares having a par value of ₹ 1/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

d Subsequent to dispute between promoters during the year under review, hon'ble Company Law Board (CLB) has directed that 4,09,76,250 equity shares of Goenka Diamond & Jewels Limited shall not carry any voting rights, pending the disposal of company petition before CLB.

e. The details of shareholders holding more than 5% equity shares as at reporting date are as under :-

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding	No. of Shares held (basis : Face Value of ₹ 1/- per share)	% of Holding
<b>Equity Shares</b>				
NANDLAL GOENKA	2,60,88,750	8.23%	2,60,88,750	8.23%
NITIN GOENKA (Refer Note No. 2 (d))	-	0.00%	-	0.00%
NAVNEET GOENKA	11,16,15,000	35.21%	11,16,15,000	35.21%
NAND LAL GOENKA (HUF)	3,42,00,000	10.79%	3,42,00,000	10.79%
NIRMALA GOENKA	5,13,26,250	16.19%	5,13,26,250	16.19%

Note:- The Company's equity share had been subdivided and face value per share had been changed from ₹. 10/- per share to ₹ 1/- per share w.e.f. 29th Oct 2012

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**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

3	Reserves & Surplus	As at March 31, 2017		As at March 31, 2016	
		₹	₹	₹	₹
<b>A.</b>	<b>Securities Premium Account :</b>				
	Opening Balance	1,08,85,07,042		1,08,85,07,042	
	Add: Security premium credited on share issue	-		-	
		<u>1,08,85,07,042</u>		<u>1,08,85,07,042</u>	
	Less: Premium utilised against share issue expenses	-		-	
			<b>1,08,85,07,042</b>		<b>1,08,85,07,042</b>
<b>B.</b>	<b>General Reserve:</b>				
	Opening Balance	99,08,000		99,08,000	
	Add: Transferred from Profit and Loss Account	-		-	
		<u>99,08,000</u>		<u>99,08,000</u>	
	Less: Transfer	-		-	
			<b>99,08,000</b>		<b>99,08,000</b>
<b>C.</b>	<b>Surplus/ (Deficit)</b>				
	<b>Opening balance</b>	1,34,25,44,596		1,89,07,18,034	
	Add:				
	Net Profit For the current year	<u>(15,88,44,386)</u>		<u>(54,81,58,438)</u>	
		<b>1,18,37,00,212</b>		<b>1,34,25,59,596</b>	
	<b>Less: Appropriation</b>				
	Proposed Dividend	-		-	
	Tax on Proposed Dividend	-		-	
	<b>Surplus/ (Deficit)</b>		<b>1,18,37,00,212</b>		<b>1,34,25,59,596</b>
<b>D.</b>	<b>Foreign Currency Translation Reserve</b>				
	Opening balance	4,11,66,546		3,45,81,299	
	Add: Addition during the year	<u>(27,37,365)</u>		<u>65,85,247</u>	
		<b>3,84,29,181</b>		<b>4,11,66,546</b>	
	Less: Transfer	-		-	
			<b>3,84,29,181</b>		<b>4,11,66,546</b>
			<b>2,32,05,44,436</b>		<b>2,48,21,41,184</b>
<b>4</b>	<b>Long Term Borrowings</b>		<b>As at</b>		<b>As at</b>
			<b>March 31, 2017</b>		<b>March 31, 2016</b>
			₹		₹
	Corporate loan		-		2,57,37,701
	<i>(since recalled and now shown as "Current Liabilities")</i>		-		-
	<i>(refer Note no. 8)</i>		-		<b>2,57,37,701</b>



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**A Nature of Security**

**Credit Facilities are secured by:**

First pari-passu charge on Ground plus 3 storied commercial building located at plot no. 13, Municipal Corporation House No. 14, Ward no. 30, Kh No. 86, Street No. 161, City Survey No. 223, C A Road, Nagpur

**B** Repayment - 32 equal monthly instalment of ₹ 12,25,000/- each after a moratorium of 12 months from the date of first disbursement

Tenor - 44 months including a moratorium of 12 months

**C** Interest - BPLR+2.75%

**D** Current maturities of long term borrowing has been shown under "Other Current Liabilities" (refer note no. 8)

**5 Long Term Provisions**

	As at		As at	
	March 31, 2017		March 31, 2016	
	₹	₹	₹	₹
<b>Provision For Employee Benefits:</b>				
Provision for Gratuity	42,86,707		42,86,707	
Provision for Compensated Absences	2,81,854	45,68,561	2,81,854	45,68,561
		<u>45,68,561</u>		<u>45,68,561</u>

**6 Short Term Borrowings**

	As at		As at	
	March 31, 2017		March 31, 2016	
	₹	₹	₹	₹
<b>Secured:</b>				
<b>Loan Repayable on demand from Banks</b>				
Pre-shipment Credit	-		20,54,78,984	
Post-shipment Credit	-		19,52,03,742	
		-		40,06,82,726
<b>Unsecured:</b>				
From Others		2,51,77,505		2,60,07,589
		<u>2,51,77,505</u>		<u>42,66,90,315</u>

**A Nature of Security**

Working Capital Facilities are secured by:

i) First pari passu charge on all tangible and intangible assets including current assets viz., stock of raw materials, work in progress and finished goods.

ii) Further secured, on pari-passu basis: -

a) Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director, Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai, Factory land and building at surat, Shop No. 1, 2 & Garage of Parekh Mansion Mumbai and Office at 1305, Pancharatna, Mumbai belonging to director and their relatives. Further secured by Land at Badlapur belonging to group company and 4.09 crore equity shares in name of one of the directors

b) Personal Guarantees of Chairman, Vice Chairman & Managing Director and Director & their relatives

**B** The details of continuing defaults (#) as at Balance Sheet date of loans recalled by banks and disclosed under

**"Other Current Liabilities"**

Name of Bank	Facility	Date of Default #	Amount ##
Central Bank of India (Since recalled)	Working Capital Limits	Jan 2014	10,32,78,246
Corporation Bank (Since recalled)	Working Capital Limits	June 2015	20,35,47,726
Punjab National Bank (Since recalled)	Working Capital Limits	March 2016	40,35,31,214
Punjab & Sind Bank (Since recalled)	Working Capital Limits	June 2014	31,41,25,108
State Bank of India (Since recalled)	Working Capital Limits	March 2016	8,84,84,635
UCO Bank (Since recalled)	Working Capital Limits	Sept 2015	9,98,66,052

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

Name of Bank	Facility	Date of Default #	Amount ##
Punjab National Bank (Since recalled)	Working Capital Limits	March 2016	4,58,00,000
Corporation Bank (Since recalled)	Working Capital Limits	March 2016	2,49,32,494
AXIS Bank (Since recalled)	Working Capital Limits	July 2016	4,04,37,701
AXIS Bank (Since recalled)	Working Capital Limits	July 2016	16,85,48,248
Karnataka Bank (Since recalled)	Working Capital Limits	June 2016	7,58,81,648

# Date of default is considered as date of crystallisation of foreign currency loan, last date of extension of pre-shipment / post-shipment disbursement or date of NPA whichever is earlier

## where recall and / or SARFAESI notice has been issued by the banks the total outstanding has been shown under default.

## The above defaults does not includes defaults of payment of interest as banks have either charged interest and added to above loan amounts at the time of crystallisation. Further, it has been decided by the Board not to provide any interest amounting to ₹ 30,82,00,689/- ( as calculated by the management) on working capital borrowing availed by the Company in view of pending proposal for settlement of entire dues, envisaging part-payment of principal amount due to the banks. Also refer Note 33(c), where interest amounting to ₹ 1169.48 lakhs has been charged by bank but has not been accounted for by the company. In some instances banks have charged interest from current account which has resulted in credit balances in current account as at year end and is shown as "Other Current Liabilities".

**7 Trade Payables**

	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
	₹	₹
<b>Trade Payable</b>		
a) Total outstanding dues on Micro & Small Enterprises	-	-
b) Total outstanding dues on creditors other than Micro & Small Enterprises	3,56,20,04,167	3,57,71,67,201
	<u><b>3,56,20,04,167</b></u>	<u><b>3,57,71,67,201</b></u>

**Notes:**

- Trade Payables include overdue amounts (mainly unclaimed) of ₹ Nil (Previous Year ₹ Nil) including interest of ₹ Nil (Previous Year ₹ Nil) payable to Micro, Small & Medium enterprises. The company does not owe any amount to Micro, Small & Medium enterprises. These enterprises have been identified on the basis of information available to the Company and relied upon by the auditors.
- Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Trade Payables denominated in foreign currency amounting to ₹ 297,12,78,902/- have not been restated based on exchange rate as at the end of the year. These Trade Payables have been carried forward based on exchange rate as at the end of March 31, 2016 or at transaction date rate whichever is later, as it is deemed prudent not to take cognizance of unrealised exchange difference on notional basis due to uncertainties with regard to expected time frame for payment of these trade payables which is dependent of recovery from Trade Receivables or other sources. The company shall account for the actual exchange difference at the time of payment of these trade payables. Accordingly, the trade payables are understated by ₹ 3,28,29,113/- as at the year end.

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****8 Other Current Liabilities**

	<b>As at</b>	<b>As at</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	₹	₹
Current Maturity of Long Term Borrowing	-	1,47,00,000
<b><u>Loans Facilities Recalled by Banks (Refer Note A below)</u></b>		
1) Post- Shipment Loans	1,08,19,07,456	87,82,32,895
2) Pre- Shipment Loans	37,53,55,421	33,79,08,223
3) Term Loan	11,11,70,195	7,07,32,494
4) Overdrawn Balance in Bank's Current Accounts	24,79,57,049	11,64,46,166
Interest accrued but not due on borrowing	5,30,79,101	5,30,79,101
Unclaimed Dividend*	76,320	76,320
Employee benefit payables	10,31,224	18,46,864
Statutory Dues( including PF,TDS etc.)	93,47,177	96,57,810
Due to director's in current account	96,29,379	1,37,96,399
Other Payables#	57,06,409	43,24,346
	<b><u>1,89,52,59,730</u></b>	<b><u>1,50,08,00,618</u></b>

## Notes

A : Loan facilities recalled by banks include ₹ 21,61,71,267/- being outstanding of two banks for which neither bank statement nor confirmations of balance were received, Previous year ₹ 1,71,67,075/- (Pre-shipment Loan) & ₹ 2,49,32,494/- (Corporate Loan)

B : Investor Education and Protection Fund to be credited by the amount as and when required.

**9 Short Term Provisions**

	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	₹	₹	₹	₹
<b>Provision for employee benefits:</b>				
Provision for Gratuity	42,98,751		44,02,599	
Provision for Compensated Absences	1,21,835	44,20,586	54,916	44,57,515
Provision for Taxation (Net of Advance Tax)		3,30,72,558		2,92,72,831
		<b><u>3,74,93,144</u></b>		<b><u>3,37,30,346</u></b>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**NOTES 10 - FIXED ASSETS**

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2016	Addition during the period	Deductions during the year	Total as on 31.03.2017	Upto 01.04.2016	Provided during the period	Adj. for deductions	Total upto 31.03.2017	As on 31.03.2017	As on 31.03.2016
<b>a.</b>	<b>Tangible Assets</b>										
1	Leasehold Factory land	42,41,000	-	-	42,41,000	23,20,827	2,82,733	-	26,03,560	16,37,441	19,20,173
2	Leasehold land	6,68,41,420	-	-	6,68,41,420	89,12,191	22,28,048	-	1,11,40,239	5,57,01,181	5,79,29,229
3	Buildings	6,80,14,381	-	-	6,80,14,381	3,62,14,332	21,70,767	-	3,83,85,099	2,96,29,283	3,18,00,050
4	Plant & Machinery	1,53,30,092	-	-	1,53,30,092	1,04,31,732	9,65,458	-	1,13,97,190	39,32,902	48,98,360
5	Electric Installation	22,98,099	-	-	22,98,099	18,73,437	1,44,791	-	20,18,228	2,79,872	4,24,662
6	Furniture & Fixtures	16,95,868	-	-	16,95,868	14,00,454	95,556	-	14,96,010	1,99,859	2,95,414
7	Office Equipment	62,04,734	-	-	62,04,734	57,73,462	76,591	-	58,50,053	3,54,681	4,31,272
8	Vehicle	1,12,80,229	-	-	1,12,80,229	1,07,40,012	-	-	1,07,40,012	5,40,217	5,40,217
9	Computers	73,37,800	-	-	73,37,800	69,72,062	-	-	69,72,062	3,65,736	3,65,736
10	Improvement on Leasehold Assets	1,46,13,893	-	-	1,46,13,893	1,46,13,893	-	-	1,46,13,893	-	-
<b>b.</b>	<b>Intangible Assets</b>										
1	Computer Software	8,63,910	-	-	8,63,910	8,63,910	-	-	8,63,910	-	-
2	Goodwill on Consolidation	15,28,061	-	15,28,061	-	-	-	-	-	-	15,28,061
<b>c.</b>	<b>Capital Work in Progress</b>										
	<b>Total</b>	<b>20,02,49,487</b>	<b>-</b>	<b>15,28,061</b>	<b>19,87,21,426</b>	<b>10,01,16,313</b>	<b>59,63,944</b>	<b>-</b>	<b>10,60,80,257</b>	<b>9,26,41,172</b>	<b>10,01,33,174</b>
	<b>Total for Previous year</b>	<b>20,02,49,487</b>	<b>-</b>	<b>-</b>	<b>20,02,49,487</b>	<b>9,38,58,478</b>	<b>62,57,834</b>	<b>-</b>	<b>10,01,16,313</b>	<b>10,01,33,174</b>	<b>10,63,91,010</b>

Notes:

1. Building include Flat at Jaipur which is not yet registered in the name of company.
2. Building includes 5 No. of shares held in Mount Unique CHS.

**11 Deferred Tax Assets**

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>Deferred Tax Assets</b>				
On account of Gratuity & Compensated Absences	27,77,646		29,28,510	
On account of Depreciation	27,22,573		33,65,639	
On account of Foreign Currency Translation Reserve	(13,45,434)	<b>41,54,785</b>	-	<b>62,94,149</b>
		<b>41,54,785</b>		<b>62,94,149</b>

Net deferred tax charge/(credit) for the year of ₹ (18,54,384) (Previous year ₹ (35,62,899) has been recognized in the Statement of Profit and Loss for the year.

**12 Long Term Loans And Advances**

	As at March 31, 2017		As at March 31, 2016	
	₹	₹	₹	₹
<b>(Unsecured and considered good, unless otherwise stated)</b>				
Security Deposits #	23,52,273		23,52,780	
MAT Credit Entitlement	-		3,61,73,535	
	<b>23,52,273</b>		<b>3,85,26,315</b>	

a Considering the uncertainty relating to availability of future taxable income, the MAT credit entitlement accounted for in earlier years have been written off during the year.

b # include ₹ 2,00,000/- (P/Y ₹. 2,00,000/-) security deposit given to Chairman, Managing Director and their relatives.





CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

<b>13 Current Investments</b>	<b>As at</b>		<b>As at</b>	
<b>(At lower of Cost and Market Price)</b>	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	₹		₹	
<b>a Investment in Optional Convertible Debenture</b>				
Gem Gold Mining Pvt. Ltd. (Refer Note No 33 (d))	4,90,000	4,90,00,000	4,90,000	4,90,00,000
		<u>4,90,00,000</u>		<u>4,90,00,000</u>
1. Aggregate amount of Quoted Investment		-		-
2. Market value of Quoted Investment		-		-
3. Aggregate amount of Non Quoted Investment		4,90,00,000		4,90,00,000
4. Aggregate amount of provision for diminution in value of Investment		-		-
 <b>14 INVENTORIES</b>	<b>As at</b>		<b>As at</b>	
<b>(Cost &amp; Market Price whichever is lower)</b>	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
<b>(As taken, valued and certified by the Management)</b>	₹		₹	
Raw Materials		27,37,19,610		23,45,89,839
Stock in Process		-		-
Finished Goods		23,14,56,282		38,72,62,062
		<u>50,51,75,892</u>		<u>62,18,51,901</u>
 <b>15 Trade Receivables</b>	<b>As at</b>		<b>As at</b>	
<b>(Unsecured and considered good unless otherwise stated)</b>	<b>March 31, 2017</b>		<b>March 31, 2016</b>	
	₹		₹	
Outstanding for more than Six Months from the date they are due for payments	7,49,41,95,151		7,16,89,02,121	
Others		26,47,179		34,46,26,697
		<u>7,49,68,42,330</u>		<u>7,51,35,28,818</u>
 <b>a</b>	There have been defaults on payment obligations by the trade receivables on due date and recoveries from these trade receivables are not significant, due to certain unfavourable developments in earlier years and economic slowdown especially in diamond sector. No confirmation have been recieved by these trade receivables. The Company is taking all possible efforts to recover old trade receivables and had initiated legal action wherever considered necessary. However, looking at the past record regarding recovery from Trade receivables, the management is of the opinion that trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable and therefore no provision is required to be made against these Trade Receivables			
 <b>b</b>	Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Trade Receivables denominated in foreign currency amounting to ₹ 697,03,17,582/- have not been restated based on exchange rate as at the end of the year. These Trade Receivables have been carried forward based on exchange rate as at the end of March 31, 2015 and/ or March 31, 2016, as it is deemed prudent not to take cognizance of unrealised exchange difference on notional basis due to uncertainties with regard to expected time frame for realisation of Trade Receivables. The company shall account for the actual exchange difference at the time of realization of these trade receivables. Consequently, the Trade Receivables are understated by ₹ 7,31,08,811/- as at the year end.			

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

<b>16 Cash And Bank Balances</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
<b>Cash and cash equivalents</b>	₹	₹
Balance with Banks	37,85,998	31,93,083
Cash on hand	5,47,821	10,71,767
<b>Total (A)</b>	<b><u>43,33,819</u></b>	<b><u>42,64,850</u></b>
 <b>Other Bank Balance</b>		
(a) Unpaid Dividend Account	76,320	76,320
<b>(b) Bank Deposits</b>		
Pledged*	31,93,342	82,04,156
Non Pledged	10,000	10,000
<b>Total (B)</b>	<b><u>32,03,342</u></b>	<b><u>82,14,156</u></b>
<b>Total (A+B)</b>	<b><u>76,13,481</u></b>	<b><u>1,25,55,326</u></b>

i) \* Pledged deposits are with maturity period of more than 12 months

ii) In terms of Ministry of Corporate Affairs (MCA) notification no. G.S.R. 308 (E) dated 30.03.2017, the details of Specified Bank Notes (SBN) held and transacted during the period from 08/11/2016 to 30/12/2016 is as under;

(Amount in ₹)			
Particulars	SBNs*	Other Denomination notes	Total
Closing Cash in hand as on 08.11.2016	85,00,000	11,93,934	96,93,934
(+) Permitted receipts #	-	1,54,575	1,54,575
(-) Permitted payments##	-	(8,93,784)	(8,93,784)
(-) Amount deposited in Banks	(85,00,000)	-	(85,00,000)
Closing Cash in hand as on 30.12.2016	-	4,54,725	4,54,725

\*Bank notes of denominations of existing series of the value of 500 rupees and 1,000 rupees (MoF Notification No. S.O 3407(E) dated 08/11/2016).

<b>17 Short Term Loans And Advances</b>	<b>As at</b>	<b>As at</b>
<b>(Unsecured and considered good unless otherwise stated)</b>	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	₹	₹
Advance To Staff	2,91,074	3,30,965
Advance To Suppliers	-	22,00,667
Prepaid Expenses	8,66,711	21,05,721
Balances with Tax Authorities	10,25,526	7,95,625
<b>Others</b>		
-Considered Good #	14,65,083	3,60,354
-Considered Doubtful	-	-
	14,65,083	3,60,354
Less - Provided for	-	-
	14,65,083	3,60,354
	<b><u>36,48,393</u></b>	<b><u>57,93,332</u></b>

# Includes ₹. "NIL" (P/Y ₹. NIL) given as advance to an enterprise in which directors are interested.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

18 Other Current Assets	As at		As at	
	March 31, 2017		March 31, 2016	
	₹		₹	
Interest Accrued on deposits / debentures	3,59,616		1,97,73,517	
Others	10,79,613		12,25,588	
	<u>14,39,229</u>		<u>2,09,99,105</u>	

19 Revenue From Operations	Year ended		Year ended	
	March 31, 2017		March 31, 2016	
	₹		₹	
<b>Sale of Products:</b>				
Export Sales	-		77,54,81,942	
Domestic Sales	3,09,16,435		14,04,84,006	
	<u>3,09,16,435</u>		<u>91,59,65,948</u>	

20 Other Income	Year ended		Year ended	
	March 31, 2017		March 31, 2016	
	₹		₹	
Interest	63,58,869		74,41,012	
Liability No Longer required	57,56,015		16,070	
Other Income	25,20,494		1,20,000	
	<u>1,46,35,378</u>		<u>75,77,082</u>	

21 Cost Of Material Consumed	Year ended		Year ended	
	March 31, 2017		March 31, 2016	
	₹	₹	₹	₹
<b>Materials Consumed</b>				
Opening Raw Material / Material-in-process	22,82,58,972		35,67,91,836	
Add: Purchases	12,96,503		68,10,04,045	
	<u>22,95,55,475</u>		<u>1,03,77,95,881</u>	
Less: Closing Raw Material / Material-in-process	26,76,61,636	(3,81,06,161)	22,82,58,972	80,95,36,909
		<u>(3,81,06,161)</u>		<u>80,95,36,909</u>

22 Purchases of Stock-In-Trade	Year ended		Year ended	
	March 31, 2017		March 31, 2016	
	₹		₹	
Purchases of Finished Goods	-		-	
	<u>-</u>		<u>-</u>	

23 Changes In Stock-In-Trade	Year ended		Year ended	
	March 31, 2017		March 31, 2016	
	₹	₹	₹	₹
<b>Decrease/(Increase) of Stock-in-Trade consists of</b>				
<b>Finished Goods:</b>				
<b>Opening Stocks</b>				
Finished Goods	39,35,92,929		50,94,86,466	
	<u>39,35,92,929</u>		<u>50,94,86,466</u>	
<b>Less: Closing Stocks</b>				
Finished Goods	23,75,14,256		39,35,92,929	
	<u>23,75,14,256</u>		<u>39,35,92,929</u>	
		<u>15,60,78,673</u>		<u>11,58,93,537</u>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

<b>24 Employees Benefit Expense</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
Salaries, Wages, Bonus etc.	1,17,42,378	1,34,01,404
Contributions to Provident and Other Funds	4,03,194	5,39,457
Staff Welfare Expenses	2,07,354	2,08,298
	<b><u>1,23,52,926</u></b>	<b><u>1,41,49,159</u></b>
<b>25 Financial Cost</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
<b>Interest</b>		
- On Working Capital Facilities	12,68,255	20,54,80,680
- Other Finance Charges	5,70,727	1,84,41,047
- Interest on Delayed Payment of Taxes	59,50,933	56,83,044
	<b><u>77,89,915</u></b>	<b><u>22,96,04,771</u></b>
<b>26 Other Expenses</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	₹	₹
<b>a. Manufacturing Expenses</b>		
Electricity & Water expenses	79,609	27,690
Factory Rent	1,68,851	1,67,290
Misc Factory Expenses	7,000	15,55,787
	<b><u>2,55,460</u></b>	<b><u>17,50,767</u></b>
<b>b. Administrative &amp; Selling Expenses</b>		
Rent, Rates and Taxes	26,22,444	22,01,736
Water & Electricity	10,12,768	11,39,450
Insurance	2,85,468	3,75,706
Travelling and Conveyance	1,57,621	17,88,083
Legal and Professional	26,05,522	28,05,883
Postage and Telephone	3,18,431	3,85,916
Printing and Stationery	1,95,621	1,94,784
Advertisement and Business Promotion	7,76,051	10,19,623
Brokerage and Commission	-	67,416
Director's Remuneration	10,80,000	14,93,793
Director's Sitting Fees	3,27,375	3,23,970
Misc. Expenses	12,33,348	22,50,588
Repair & Maintenance	41,607	75,709
Export and Selling Expenses	11,500	5,34,314
Diamond Certification Charges	6,807	14,828
Impairment of Goodwill on Consolidation	15,28,061	-
Bad Debt	-	14,82,72,777
<b>Auditors' Remuneration</b>		
- Statuary Audit Fees	9,71,750	9,66,750
- Taxation Matters	-	-
- for Other services	-	-
- Reimbursement Of Expenses	48,507	54,079
Exchange Fluctuation (Net)	<u>85,77,124</u>	<u>12,41,85,526</u>
	<b><u>2,18,00,006</u></b>	<b><u>28,81,50,931</u></b>
<b>Total Other Expenses (A+B)</b>	<b><u>2,20,55,466</u></b>	<b><u>28,99,01,698</u></b>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****27 Movement in Minority Interest**

Particular	Minority Interest as at Opening	Addition during the year	Deduction during the year	Minority Interest as at end of the year
M.B. Diamond LLC	-	-	-	-
Solitaire Diamond Exports	8,46,195	-	(26,183)	8,20,012
<b>Total</b>	<b>8,46,195</b>	<b>-</b>	<b>(26,183)</b>	<b>8,20,012</b>

**28 Related Party Disclosures:****A. List of related parties and relationships:****Enterprises in which Key management personnel are interested :**

1. Goenka Diamonds Private Limited
2. Mystique Jewels
3. Goenka Jewellers
4. Geet Holdings Private Limited
5. Yash Complex Private Limited
6. Sonam Complex Private Limited
7. Goenka Infra Projects Private Limited
8. Goenka Mining Resources Private Limited
9. Goenka Entertainments Private Limited
10. Goenka Properties Private Limited
11. Gem Gold Mining Private Limited
12. Top Minerals Private Limited
13. Aureus Gold Mines Private Limited
14. Shree Vriddhi Mines and Minerals Private Limited
15. Gold Mineral Resources Development Private Limited.
16. Chrome Mines and Minerals Private Limited
17. Goenka Power and Infra Limited
18. D.V. Exports
19. Dinyog Finvest Private Limited
20. Nand Lal Goenka (HUF)
21. Shobhagya Capital Options Ltd
22. Shobhagya Securities Ltd

**Key Management Personnel (KMP):**

1. Sh Nandlal Goenka
2. Sh Navneet Goenka

**Relative of Key Management Personnel**

1. Smt. Namita Jain (Daughter of Sh Nandlal Goenka)
2. Smt. Neeta Saraf (Daughter of Sh Nandlal Goenka)
3. Smt. Nirmala Goenka (Wife of Sh Nandlal Goenka)
4. Smt. Bhawna Goenka (Wife of Sh Navneet Goenka)

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**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**
**B. Related Party Transactions**

Nature of Transactions	Key Managerial Personnel		Relative of Key Managerial Personnel		Others	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>(i) Transactions During the year</b>						
<b>a. Rent Paid</b>						
1. Nandlal Goenka	9,90,000	9,90,000	-	-	-	-
2. Navneet Goenka	-	-	-	-	-	-
3. Bhawna Goenka	-	-	3,00,000	3,00,000	-	-
4. Nirmala Goenka	-	-	3,00,000	3,00,000	-	-
			-	-		
<b>b. Remuneration #</b>						
1. Nandlal Goenka	6,00,000	6,00,000	-	-	-	-
2. Navneet Goenka	4,80,000	4,80,000	-	-	-	-
3. Nitin Goenka	-	4,13,793	-	-	-	-
			-	-		
<b>c. Perquisites</b>						
1. Navneet Goenka	2,24,400	2,24,400	-	-	-	-
2. Others	1,59,600	1,59,600	-	-	-	-
			-	-		
<b>d. Dividend Paid</b>						
1. Nandlal Goenka	-	-	-	-	-	-
2. Navneet Goenka	-	-	-	-	-	-
3. Others	-	-	-	-	-	-
<b>e. Interest Received</b>	-	-	-	-	58,80,000	58,80,000
<b>(ii) Balances as at 31.03.17</b>						
<b>a. Security Deposits</b>						
i. Nandlal Goenka	50,000	50,000	-	-	-	-
ii. Nitin Goenka	50,000	50,000	-	-	-	-
iii. Bhawna Goenka	-	-	50,000	50,000	-	-
iv. Nirmala Goenka	-	-	50,000	50,000	-	-
<b>b. Credit Balance of following parties</b>						
i. Nandlal Goenka	87,50,869	76,48,466	-	-	-	-
ii. Navneet Goenka	8,78,510	5,77,070	-	-	-	-
iii. Nitin Goenka	-	55,70,763	-	-	-	-
iv. Bhawna Goenka	-	-	8,55,800	5,85,800	-	-
v. Nirmala Goenka	-	-	10,35,000	7,65,000	-	-
<b>c. Investment</b>						
Gem Gold Mining Pvt. Ltd.	-	-	-	-	4,90,00,000	4,90,00,000

# As liability for gratuity and compensated expenses are computed for all the employees in aggregate, the amounts relating to the Key Management Personnel cannot be individually identified



CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

29 Earnings Per Share (EPS) #

	Year ended	Year ended
	March 31, 2017	March 31, 2016
	₹	₹
a. Profit after Tax (₹.)	(15,88,44,386)	(54,81,58,438)
- Before Exceptional Item	-	-
- After Exceptional Item	-	-
b. Dividend on Preference Shares (₹)	-	-
c. Profit attributable to Equity Shareholders for Basic and Diluted EPS (Rs.) (a-b)	(15,88,44,386)	(54,81,58,438)
d. Weighted average number of Equity shares Outstanding during the year for basic EPS ( After adjustment for sub-division of shares during current financial year )	31,70,00,000	31,70,00,000
e. Weighted average number of Equity Shares outstanding during the year for Diluted EPS ( After adjustment for sub-division of shares during current financial year )	31,70,00,000	31,70,00,000
f. Basic & Diluted Earnings Per Share		
- Before Exceptional Item	(0.50)	(1.73)
- After Exceptional Item	(0.50)	(1.73)
g. Diluted Earnings Per Share		
- Before Exceptional Item	(0.50)	(1.73)
- After Exceptional Item	(0.50)	(1.73)

# The Company has sub divided its equity share from ₹ 10/- each to ₹ 1/- w.e.f. 29th Oct 2012 and the same has been adjusted for previous financial year.

30 Segment Reporting

- Segment has been identified in line with the Accounting Standard – 17 “Segment Reporting” issued by ICAI taking in to consideration the organization structure as well as the differential risks and returns of these segments.
- The differential risks and rewards of the GDJL Group are more identifiable and associated with the method of distribution of Products and hence, the company has identified two reportable segment viz. Diamond & Gems and Retail Jewellery Operations.
- The Segment Revenues, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on reasonable basis. The amounts, which are not allocable to any segment, are shown unallocable under respective heads.

A) Primary Segment : Business Segment

Particulars	As at March 31, 2017				As at March 31, 2016			
	Diamond & Gems	Jewellery	Unallocable	Consolidated Total	Diamond & Gems	Jewellery	Unallocable	Total
<b>Primary Segment (by Product)</b>								
<b>Revenue</b>								
Segment Revenue	2,56,99,088	52,17,347	-	3,09,16,435	85,08,46,994	6,51,18,954	-	91,59,65,948
<b>Results</b>								
Segment Results	27,13,636	(12,44,73,594)	-	(12,17,59,957)	(11,39,73,804)	(19,59,23,408)	-	(30,98,97,212)
<b>Operating Profit</b>								
Other Income				2,25,94,140				1,66,55,380
Unallocable Expenses				(1,36,52,323)				(1,89,70,016)
Interest Expenses				(77,64,811)				(22,95,89,032)
<b>Net Profit before tax.</b>				<b>(12,05,82,950)</b>				<b>(54,18,00,878)</b>
<b>Segment Assets</b>	<b>7,10,03,26,480</b>	<b>82,45,36,502</b>	<b>23,80,04,573</b>	<b>8,16,28,67,558</b>	<b>7,18,23,49,083</b>	<b>89,75,54,288</b>	<b>28,87,78,749</b>	<b>8,36,86,82,123</b>
<b>Segment Liabilities</b>	<b>3,51,80,72,985</b>	<b>3,97,20,712</b>	<b>1,96,75,29,422</b>	<b>5,52,53,23,119</b>	<b>3,53,22,91,162</b>	<b>4,06,92,241</b>	<b>1,99,65,57,533</b>	<b>5,56,95,40,937</b>
<b>Net Capital Employed</b>	<b>3,58,22,53,494</b>	<b>78,48,15,790</b>	<b>(1,72,95,24,849)</b>	<b>2,63,75,44,436</b>	<b>3,65,00,57,921</b>	<b>85,68,62,047</b>	<b>(1,70,77,78,784)</b>	<b>2,79,91,41,184</b>

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****B) Secondary Segment : Geographical Segments**

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	2,83,24,338	25,92,097	3,09,16,435	14,04,84,006	77,54,81,942	91,59,65,948
Segments Assets	67,18,48,677	7,49,10,18,881	8,16,28,67,558	1,47,76,66,863	6,89,10,15,260	8,36,86,82,123

**31 Contingent Liabilities & Commitments****Commitment:**

Pending Capital Commitments

	Year ended March 31, 2017	Year ended March 31, 2016
--	------------------------------	------------------------------

₹

₹

NIL

NIL

**Contingent Liabilities****(a) Claims against the Company not acknowledged as debts**

Refer Note 33 (c) regarding interest on recalled loans or loans classified by the banks as NPA where interest in earlier years is either not applied or penal interest/higher rate of interest is applied. The Company in earlier years in its best judgement has provided all probable interest liability up till previous year. Any excess interest charged or remaining to be charged by the banks of previous years has not been acknowledged as debts by the company and shall be accounted for as and when the same is settled. In absence of complete details, the amount is unascertained.

<b>i) Income Tax Matters (Against which company has preferred appeals)</b> (Pertaining to AY 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15) (P.Y. AY 2004-05, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14)	82,56,43,177	77,55,47,414
<b>ii) Service Tax Matter (Appeal filed by company)</b>	6,22,540	6,22,540
<b>iii) Punjab Value Added Tax demand against which company has preferred appeal</b>	31,82,500	31,82,500
<b>iv)</b> The Company does not envisage any liability in respect of income tax of earlier years on account of exchange gain on restatement of trade receivables up to previous years, as it is likely to be offset with additional interest provision, if company were to pay interest at applicable rate including penal interest. Further, any income tax liability on account of non-adjustment or non-disallowance of income and/ or expenses that may arise on income tax proceeding shall be accounted for on final assessment.		

**32** The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at ₹ 8,19,000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts

**33 (a)** In the financial year 2013-2014, disputes amongst promoters arose under which allegations and counter allegation were made and legal actions were initiated amongst promoters. However, thereafter the promoters arrived at the settlement with the help of court mediation vide settlement agreement executed on March 18, 2014 which is at the final stage of implementation. The management reiterates that no adjustment is required in the financial statements for the terms and conditions of settlement agreement executed and on account of the above disputes. allegations and legal actions.

**(b)** Due to certain unfavourable developments and sluggish market in earlier periods, there is substantial decrease in sales and volume of the business. Recoveries from trade receivables are slow and there is a temporary mismatch in the cash flow resulting in overdue creditors, default in repayment of statutory dues and dues to banks owing to which all banks have classified the account as NPA and recalled their loans. The management is hopeful that these old trade receivables shall be recovered as the company has initiated legal actions against such debtors, wherever considered necessary. Further, the management is taking all possible steps to revive the business operations and intend to approach consortium bankers for restructuring/ one-time settlement of the its entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation in phased manner. At the same time, management is hopeful that it will be able to raise adequate finance from internal accruals and alternate means to meet its short term and long term obligations. Hence the accounts of the Company are prepared on going concern basis.



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

- (c) Consequent to defaults in re-payment of loan and payment of interest, all consortium banks have classified the account as NPA and have recalled their loans. These banks are either not charging interest or have charged excess interest in earlier years. As the promoters of the Company have approached consortium banks with proposal for settlement of entire dues, envisaging part-payment of principal amount against working capital loan dues, the Board have decided not to provide Interest for the year amounting to ₹ 30,82,00,689/- (as calculated by management) on working capital borrowings availed by the Company. To the extent information available with the Company, certain banks have charged Interest amounting to ₹ 11,69,48,000/- during the year under review which is not considered by the Company.
- (d) The company had invested in 12% Optionally Convertible unsecured debentures of ₹ 4.90 Crores with an option to i) redeem within a period of 3 years from the date of issue or ii) convert into such number of equity shares as set out in the terms within a period of three years from the date of issue. Interest on these OCDs are to be payable on quarterly basis. Subsequently, the term for conversion or redemption was extended from 3 years to 9 years and also interest on these OCDs shall now be payable at coupon rate in lump sum at the time of redemption/ conversion date. However, the arrears of interest up till March 31, 2017 on the OCDs was recovered during the year. The management is of the view even though the net worth of the company is fully eroded, no provision is required against the said investment as there is substantial value in the investee company and it shall be able to pay the interest and principal amount due.
- (e) Due to factors mentioned in Note No. 7(b) and 15(a) & (b) , the Company has decided not to account for exchange differences and has carried forward monetary items denominated in foreign currency at the rate as at March 31, 2015 and /or March 31, 2016. Accordingly, the Trade Receivables is understated by ₹ 7,31,08,811/- and Trade Payables are overstated by ₹ 3,28,29,113/- . Had these monetary items denominated in foreign currency been restated at closing rate as at year end, the exchange loss for the year would have been higher by ₹ 16,71,55,849/-.

**34** Previous year's figures have been regrouped or rearranged wherever necessary.

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As per our report of even date attached  
For **B. KHOSLA & CO.**  
Chartered Accountants  
F.R. No.: 000205C

For **RSVA & CO.**  
Chartered Accountants  
F.R. No.: 110504W

For & On behalf of the Board  
**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - May 30, 2017

**B.N. Rao**  
Partner  
M.No.: 039555

**NAVNEET GOENKA**  
MD & Chief Financial Officer  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

Form AOC-1

[Pursuant to first provision to Section 129(3) of the Companies Act, 2013 read with rule 5 of the Companies (Accounts) Rule, 2014]

Statement containing salient features of the financial statements of the Subsidiaries/Joint ventures/associate companies

Name of Subsidiary Company	M.B. Diamonds LLC, Russia		Goenka Diamond & Jewels DMCC, Dubai	
	INR	ROUBLES	INR	USD
Reporting Currency				
Capital	16,989	10,000.00	744,414	\$ 13,624.00
Reserves	(6,001,280)	-6,403,014.25	(3,244,786)	\$ (52,187.00)
Total Assets	14,304,779	15,281,789.20	160,663,178	\$ 2,477,894.00
Total Liabilities	14,304,779	15,281,789.20	160,663,178	\$ 2,477,894.00
Investments	NIL	NIL	NIL	NIL
Turnover / Total Income	NIL	NIL	NIL	NIL
Profit Before Taxation	1,638,187	2,096,322.00	(95,235,506)	\$(1,375,107.00)
Provision for Taxation	NIL	NIL	NIL	NIL
Profit After Taxation	1,638,187	2,096,322.00	(95,235,506)	\$(1,375,107.00)
Proposed Dividend	NIL	NIL	NIL	NIL
Country	RUSSIA		DUBAI	
Notes:				
As on March 31, 2017:	1 Rouble = INR 0.936067		1 USD = INR 64.8386	

On behalf of the Board of Directors  
For **Goenka Diamond and Jewels Limited**

**NANDLAL GOENKA**  
CHAIRMAN

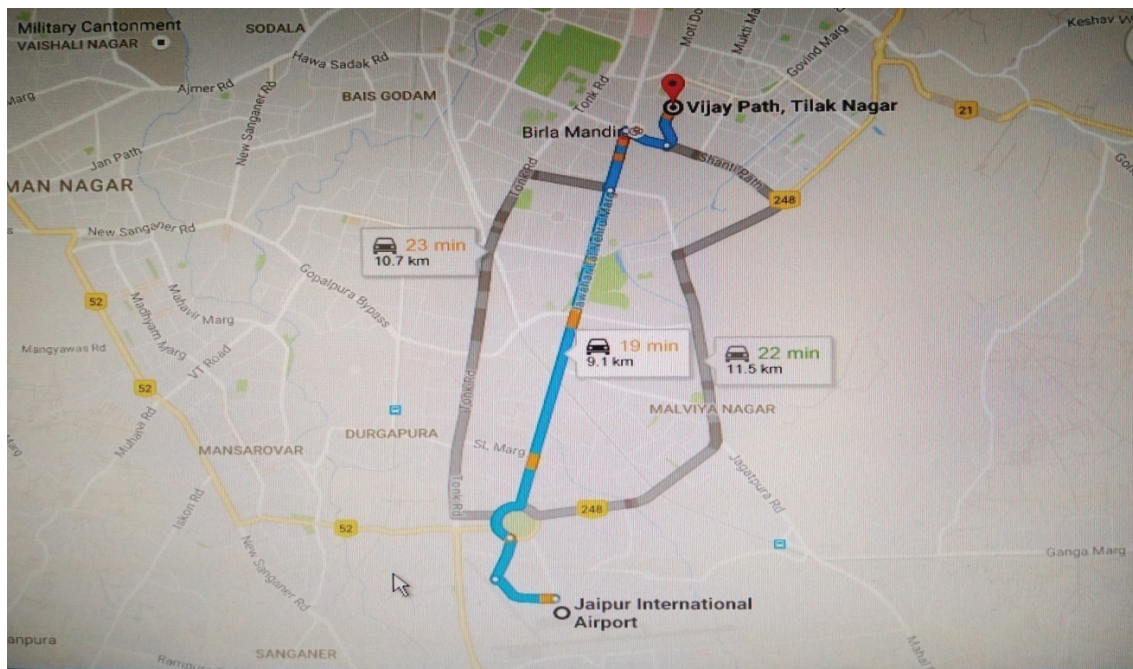
**NAVNEET GOENKA**  
VICE CHAIRMAN &  
MANAGING DIRECTOR

Place: Mumbai  
Date: May 30, 2017



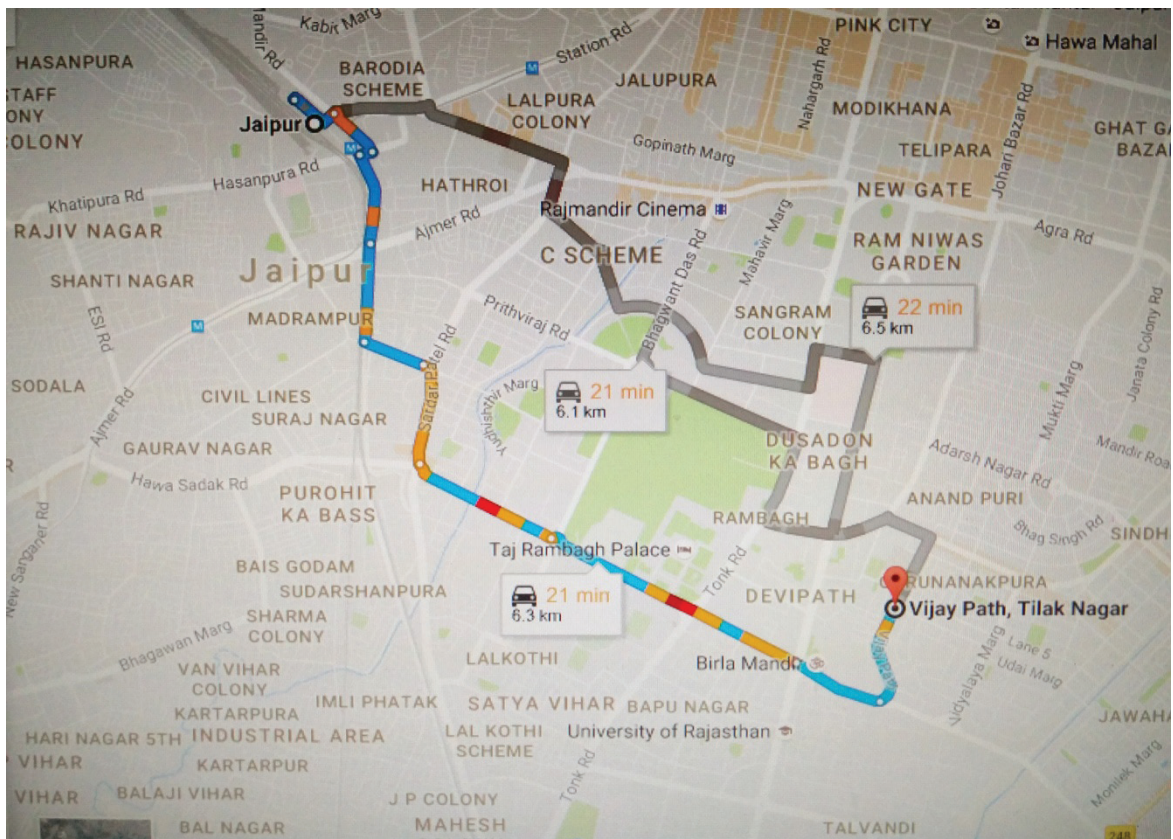
ROUTE MAP TO THE VENUE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

ROAD MAP: JAIPUR INTERNATIONAL AIRPORT TO VIJAYPATH, TILAK NAGAR, BEHIND BIRLA MANDIR



## ROUTE MAP TO THE VENUE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING

### ROAD MAP: JAIPUR RAILWAY STATION TO VIJAYPATH, TILAK NAGAR, BEHIND BIRLA MANDIR



# GOENKA DIAMOND AND JEWELS LIMITED

CIN No.: L36911RJ1990PLC005651

Registered Office: 401, Panchratna, M. S. B. Ka Rasta, Johari Bazar, Jaipur – 302003

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]

Name of the Company: **Goenka Diamond and Jewels Limited**

CIN : L36911RJ1990PLC005651

Registered Office : 401, Panchratna, M. S. B. Ka Rasta, Johari Bazar, Jaipur – 302003

Name of the Member(s) :
Registered Address:
E-mail Id :
Folio No./Client ID :
DP ID :

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

1.	Name			
	Address			
	E-mail ID		Signature	
	Or Failing him			
2.	Name			
	Address			
	E-mail ID		Signature	
	Or Failing him			
3.	Name			
	Address			
	E-mail ID		Signature	

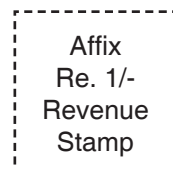
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on the September 29, 2017 At 11 a.m. at Bungalow No. C -114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions
1	To consider and adopt the Audited Financial Statements of the Company on a standalone and consolidated basis, for the financial year ended March 31, 2017 including the Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2	<b>“RESOLVED THAT</b> pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s Ummed Jain & Co., ( <b>Regn. No.119250W</b> ), Chartered Accountants, Mumbai and M/s RSV & Co., ( <b>Regn. No. 110504W</b> ) Chartered Accountants, Mumbai be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (“AGM”) till the conclusion of the next AGM.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Signature of Member \_\_\_\_\_

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



Note: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

















# Goenka Diamond & Jewels Limited

Registered office : 401, Panchratna, M.S.B. Ka Rasta, Johari Bazaar, Jaipur - 302003 India. Tel :- 0141 - 2574175 Fax : 0141 - 2573305.

[www.goenkadiamonds.com](http://www.goenkadiamonds.com)