

Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Goenka Diamond and Jewels Limited

1. We were engaged to audit the accompanying statement of standalone financial results of Goenka Diamond and Jewels Limited (the Company) for the quarter and year ended March 31, 2019 (the Statement), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Regulation), read with SEBI Circular No. CIR/CFD/FAC/62/20 16 dated July 5, 2016 (the Circular). The standalone financial results for the quarter and year ended March 31, 2019 have been prepared on the basis of the reviewed standalone financial results for the nine-month period ended December 31, 2018, the annual standalone financial statements as at and for the year ended March 31, 2019, and the relevant requirements of the Regulation and the Circular, which are the responsibility of the Company's management and have been approved by the Board of Directors of the Company.
2. Our responsibility is to express an opinion on these standalone financial results based on our review of the standalone financial results for the nine-month period ended December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting, specified under Section 133 of the Companies Act 2013 read with relevant rules issued there-under and other accounting principles generally accepted in India; our engagement for audit of the annual standalone financial statements as at and for the year ended March 31, 2019; and the relevant requirements of the Regulation and the Circular.
3. We are required to conduct our audit of the Statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free of material misstatement. An audit includes examining, on test check basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by the management. Because of the significance of matter described in the Basis for Disclaimer of Opinion section of our report and due to the potential interaction of the uncertainties, their possible cumulative effect on the financial statements and non-availability of sufficient appropriate audit evidences, we are unable to form an opinion on the Financial Statements
4. **Basis of Disclaimer of Opinion**
 - (a) The company has not translated following monetary items denominated in foreign currency as at the year ended closing rate and has been carried forward at the rate as at 31st March 2015, 31st March 2016, and / or 31st March 2017, which is not in accordance with Ind-AS -21 "The Effect of changes in Foreign Exchange Rates" and accounting policy followed by the Company.

- i. Trade receivable amounting to Rs. 69,806.99 lacs
- ii. Trade payables and other payable amounting to Rs. 29,717.66 lacs



iii. Loans and Advances to subsidiaries (including accrued interest) amounting to Rs. 1,819.52 lacs

The company has not provided for cumulative exchange gain (net) on the above items amounting to Rs. 4,007.63 lacs including exchange loss amounting to Rs. 455.45 Lacs and exchange gain amounting to Rs. 2,919.62 Lacs pertaining to the quarter and year ended March 31, 2019 respectively. Accordingly, exchange loss for the quarter is understated by Rs. 455.45 Lacs and exchange gain for the year is understated by Rs. 2,919.62 Lacs. The Company has not recognized deferred tax asset amounting to Rs. 329.74 lacs on the cumulative exchange gain (net) including deferred tax charge for the quarter amounting to Rs. 118.42 lacs and deferred tax credit for the year ended March 31, 2019 amounting to Rs. 759.10 Lacs.

(b) The Company has defaulted in repayment of loans taken from the banks due to which the banks have recalled their loans and have initiated legal actions. The management has decided not to provide interest on such loans and consequently based on the calculation done by the management total interest amounting to Rs. 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to Rs. 876.79 Lacs and Rs. 3,644.35 Lacs pertaining to the quarter and year ended March 31, 2019 respectively. Accordingly, finance cost for the quarter and year is understated by Rs. 876.79 Lacs and Rs. 3,644.35 Lacs respectively.

Had the exchange difference and deferred tax thereon as stated in para (a) above and interest on loans as stated in para (b) above been provided, the loss after tax for the quarter would have been increased by Rs. 1450.66 Lacs and loss for the year would have been decreased by Rs. 34.37 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by Rs. 5498.66 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by Rs. 12011.88 Lacs, Loan to a Subsidiary shown under Non-Current Financial Assets is understated by Rs. 84.42 Lacs, Deferred Tax assets are understated by Rs. 329.74 Lacs and other Current Financial Assets are understated by Rs. 36.26 Lacs as at March 31, 2019.

(c) We draw attention to Note No. 2 and 4(b) of financial results regarding default in repayment of loans and interest to banks owing to which the banks has classified the account as NPA and recalled its loans and had initiated various legal actions for recovery of its dues including notices under Section 13(2) of the SARFESI Act and petition filed by a bank under section 7 of the Insolvency and Bankruptcy Code, 2016 which are still pending for hearing. The outstanding loan balances due to banks amounting to Rs. 9770.13 Lacs shown under Current Financial Liabilities for which no confirmation/ statements have been obtained and are subject to reconciliation and subsequent adjustments.

(d) No provision for the expected credit loss/ impairment relating to overdue Trade Receivables of Rs. 69,877.78 Lacs has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". In view of defaults in payment obligations by the Trade Receivables on due date, non-recoveries from Trade Receivables, non-confirmations/ reconciliation from Trade receivables, initiation of legal action/ suits against Trade Receivables by the company, notices/ summon to the Company from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of these Trade receivables, we are unable to determine the amount of expected credit loss/ impairment based on provision matrix as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact, on the financial statements.



- (e) No provision for the expected credit loss/ impairment on loan to a subsidiary amounting to Rs. 1782.08 Lacs (including accrued interest) and investment in an entity by way of Optionally Convertible Debentures amounting to Rs. 559.15 Lacs (including accrued interest) has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". The net worth of above subsidiary and entity is negative and based on reasonable and supportable information regarding the current financial status and business condition of these entities, there has been significant increase in credit risk and there could be delay/default in recovery of these amounts. Considering the above, we are unable to comment on the amount of expected credit loss/ impairment and its consequential impact, on the financial statements.
- (f) The inventory has been taken on the basis of physical verification carried out by the management as at the year-end and its valuation is based on determination of estimated net realizable value and specific identification which involves technical judgment of management. We have relied upon by the physical verification and valuation of the Inventory as certified and determined by the management.
- (g) The company has made investment of Rs. 2.03 lacs and has given advance of Rs.59.78 lacs to its subsidiary namely M.B. Diamonds LLC and has made investment of Rs. 7.44 lacs in its subsidiary namely Goenka Diamond and Jewels DMCC, the net-worth of these subsidiaries as at the year end is negative. The Company has not made any provision for impairment against these investments and advance.
- (h) Balances with Banks amounting to Rs 24.61 lacs (debit balances) and Rs. 15.31 lacs (credit balance) at the year end, Trade Payables and Other Current Assets and Liabilities are subject to confirmations and consequential adjustment thereof.

5. Material Uncertainty related to going concern

The Company's operating results have been materially affected due to various factors including non-realization of Trade receivables, defaults in repayment of loans and interest to banks, non-availability of finance due to recall of loans by banks in consortium, legal actions/ insolvency proceedings initiated by banks against company for recovery of its dues, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and from other regulatory authorities, pending proceeding with National Company Law Tribunal, Debt Recovery Tribunals and other courts for recovery of banks dues and attachment of company's properties, assignment and transfer of dues of banks in favor of an asset reconstruction company (ARC), pending income tax demands and consequent attachment of bank accounts by Income tax department, reliance on cash sales for meeting out expenses, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, non realization of loan and interest thereon from a subsidiary etc. 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 Trade Receivables to meet its short term and long term obligations as well as to establish consistent business operation. The above situation indicates that material uncertainty exist that cast significant doubt on company's ability to continue as a going concern.

6. Disclaimer of Opinion

In absence of any sufficient appropriate audit evidences regarding certainty, quantum and time frame for recovery from Trade receivable, Loan to subsidiary (including interest), Investments and interest thereon, outcome of pending legal action initiated against debtors and legal cases/ insolvency proceedings initiated by banks against company for recovery of loans and possession of Company's properties, transfer of banks dues



in favor of ARC, other factors such as non-payment of liabilities including statutory dues, non-availability of finance due to recalling of the bank finance and attachment of bank accounts by Income tax department against its dues, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein etc and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial result and ability of the company to continue as a going concern.

Because of the significance of the matters described in the Basis of Disclaimer of Opinion section of our report, absence of sufficient appropriate audit evidences and Material uncertainty related to Going Concern paragraph above, 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 do not express an opinion on the financial statements.

7. The Statement is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and SEBI circular dated 5th July, 2016 includes the results for the Quarter ended March 31, 2019, being the balancing figure between figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For Ummed Jain & Co.
Chartered Accountants
ICAI Firm Regn. No. 119250W



Akhil Jain
Partner
Membership No.: 137970

Mumbai
May 29, 2019

Auditor's Report on Annual Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
Goenka Diamond and Jewels Limited

1. We were engaged to audit the accompanying statement of annual consolidated financial results 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') for the year ended March 31, 2019 (the Statement), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Regulation), read with SEBI Circular No. CIR/CFD/FAC/62/20 16 dated July 5, 2016 (the Circular).
2. This Statement is the responsibility of the Holding Company's management and has been approved by the Board of Directors of the Holding Company. Our responsibility is to express an opinion on these consolidated financial results based on our engagement for audit of the consolidated annual financial results which are prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard specified under Section 133 of the Companies Act 2013 read with relevant rules issued there-under and other accounting principles generally accepted in India and the relevant requirements of the Regulation and the Circular.
3. We are required to conduct our audit of the Statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statement is free of material misstatement. An audit includes examining, on test check basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by the management. Because of the significance of matter described in the Basis for Disclaimer of Opinion section of our report and due to the potential interaction of the uncertainties, their possible cumulative effect on the financial statements and non-availability of sufficient appropriate audit evidences, we are unable to form an opinion on the Consolidated Financial Statements

4. Basis of Disclaimer of Opinion

- (a) The holding company has not translated following monetary items denominated in foreign currency as at the year ended closing rate and has been carried forward at the rate as at 31st March 2015, 31st March 2016, and / or 31st March 2017, which is not in accordance with Ind-AS -21 'The Effect of changes in Foreign Exchange Rates' and accounting policy followed by the Company.

- i. Trade receivable amounting to Rs. 69,703.18 lacs
- ii. Trade payables and other payable amounting to Rs. 29,717.66 lacs



The Holding Company has not provided for cumulative exchange gain (net) on the above items amounting to Rs. 3877.25 lacs including exchange gain amounting to Rs. 2791.96 Lacs pertaining to the year ended March 31, 2019 respectively. Accordingly, exchange gain for the year ended March 31, 2019 is understated by Rs. 2791.96 Lacs. The Holding Company has not recognized deferred tax asset amounting to Rs. 298.11

lacs on the above cumulative exchange gain (net) including deferred tax credit of Rs. 725.91 lacs for the year ended March 31, 2019.

- (b) The Holding Company has defaulted on repayment of loans taken from the banks due to which the banks have recalled their loans and have initiated legal actions. The Holding Company's management has decided not to provide interest on such loans and consequently based on the calculation done by the management total interest amounting to Rs. 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to Rs. 3,644.35 Lacs pertaining to the year ended March 31, 2019 respectively. Accordingly, finance cost for the year is understated by Rs. 3,644.35 Lacs.

Had the exchange difference and deferred tax thereon as stated in para (a) above and interest on loans as stated in para (b) above been provided, the loss for the year would have been increased by Rs. 126.48 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by Rs. 5488.97 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by Rs. 12011.88 Lacs and Deferred Tax assets are understated by Rs. 298.11 Lacs as at March 31, 2019.

- (c) We draw attention to Note No. 2 and 4(b) of financial results regarding default in repayment of loans and interest to banks owing to which the banks has classified the account as NPA and recalled its loans and had initiated various legal actions for recovery of its dues including notices under Section 13(2) of the SARFESI Act and petition filed by a bank under section 7 of the Insolvency and Bankruptcy Code, 2016 which are still pending for hearing. The outstanding loan balances due to banks amounting to Rs. 9770.13 Lacs shown under Current Financial Liabilities for which no confirmation/ statements have been obtained and are subject to reconciliation and subsequent adjustments.
- (d) No provision for the expected credit loss/ impairment relating to overdue Trade Receivables of Rs. 75250.59 Lacs has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". In view of defaults in payment obligations by the Trade Receivables on due date, non-recoveries from Trade Receivables, non-confirmations/ reconciliation from Trade receivables, initiation of legal action/ suits against Trade Receivables by the holding company, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of these Trade receivables, we are unable to determine the amount of expected credit loss/ impairment based on provision matrix as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact, on the financial statements.
- (e) No provision for investment in an entity by way of Optionally Convertible Debentures amounting to Rs. 559.15 Lacs (including accrued interest) has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". The net worth of above entity is negative and based on reasonable and supportable information regarding the current financial status and business condition of the entity, there has been significant increase in credit risk and there could be delay/default in recovery of these amounts. Considering the above, we are unable to comment on the amount of expected credit loss/ impairment and its consequential impact, on the consolidated financial statements.
- (f) The Inventory of holding company has been taken on the basis of physical verification carried out by the management as at the year-end and its valuation is based on determination of estimated net realizable



value and specific identification which involves technical judgment of management. We have relied upon by the physical verification and valuation of the Inventory as certified and determined by the management.

- (g) Balances with Banks amounting to Rs 24.61 lacs (debit balances) and Rs. 15.31 lacs (credit balance) at the year end, Trade Payables and Other Current Assets and Liabilities of Holding Company are subject to confirmations and consequential adjustment thereof.

5. Material Uncertainty related to going concern

The Group's operating results have been materially affected due to various factors including non-realization of Trade receivables, defaults in repayment of loans and interest to banks, non-availability of finance due to recall of loans by banks in consortium, legal actions/ insolvency proceedings initiated by banks against company for recovery of its dues, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and from other regulatory authorities, pending cases with National Company Law Tribunal, Debt Recovery Tribunals and other courts for recovery of banks dues and attachment of company's properties, assignment and transfer of dues of banks in favor of an asset reconstruction company (ARC), pending income tax demands and consequent attachment of bank accounts by income tax department, reliance on cash sales for meeting out expenses, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, etc. 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 Trade Receivables to meet its short term and long term obligations as well as to establish consistent business operation. The above situation indicates that material uncertainty exist that cast significant doubt on group's ability to continue as a going concern.

6. Disclaimer of Opinion

In absence of any sufficient appropriate audit evidences regarding certainty, quantum and time frame for recovery from Trade receivable, Investments and interest thereon, outcome of pending legal action initiated against debtors and legal cases/ insolvency proceedings initiated by banks against company for recovery of loans and possession of Holding Company's properties, transfer of banks dues in favor of ARC, other factors such as non-payment of liabilities including statutory dues, non-availability of finance due to recalling of the bank finance and attachment of bank accounts by income tax department against its dues, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein etc and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial result and ability of the group to continue as a going concern.

Because of the significance of the matters described in the basis of qualified conclusions, absence of sufficient appropriate audit evidences and Material uncertainty related to Going Concern paragraph above, it is not possible to form an opinion on the consolidated financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements. Accordingly, we do not express an opinion on the consolidated financial statements.



7. The accompanying consolidated financial results are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and includes annual financial results of the following entities:

Sr. No.	Name of the Entity	Relationship
1.	M.B. Diamonds LLC	Subsidiary
2.	Goenka Diamond and Jewels DMCC	Subsidiary
3.	Solitaire Diamond Exports	Subsidiary

8. We did not audit the financial results of three subsidiaries included in the Statement, whose financial results reflects, total assets of Rs. 6160.70 lacs, total revenue of Rs. Nil and total loss after tax of Rs. 357.78 lacs for the year ended March 31, 2019 , as considered in the Statement. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management. These reports from respective auditors of the subsidiaries have expressed unmodified opinion on the financial statements of the subsidiaries. However, these subsidiaries are not material to the Group and accordingly do not affect the Disclaimer of Opinion expressed on the consolidated annual financial results.

For Ummed Jain & Co.
Chartered Accountants
ICAI Firm Regn. No. 119250W



Akhil Jain
Partner
Membership No.: 137970



Mumbai
May 29, 2019



GOENKA DIAMOND AND JEWELS LIMITED

Registered Office: 401, Panchsahasra, MSB Ka Rasta, Johari Bazar, Jaipur - 302001, Rajasthan

CIN No. LMR118 (I) WOLC000681

Statement of Standalone and Consolidated Audited Financial Results for the quarter/year ended March 31, 2019 prepared in compliance with the Indian Accounting Standard (Ind-AS)

(₹ in Lacs)

Sl. NO.	PARTICULAR	STANDALONE 3 MONTHS ENDED			STANDALONE YEAR ENDED		CONSOLIDATED YEAR ENDED	
		March 31, 2019	Dec 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1	Revenue							
	(a) Revenue from Operations	525.28	35.75	49.95	651.71	646.25	658.69	771.62
	(b) Other Income	37.99	37.58	6.60	137.17	146.70	63.77	59.54
	Total Income from operations	563.27	73.33	56.55	808.88	792.96	722.46	831.16
2	Expenses							
	(a) Cost of materials consumed/ Sold	400.06	27.28	47.28	505.95	330.20	505.95	330.20
	(b) Change in inventories of finished goods, work-in-progress and stock-in-trade	97.96	(0.00)	(1.43)	105.18	368.35	323.67	1,155.90
	(c) Employee benefits expenses	16.18	17.20	21.92	69.36	85.46	70.34	91.12
	(d) Finance costs - (Refer Note No. 4(i))	18.44	13.80	14.87	59.95	58.63	59.95	58.63
	(e) Depreciation and amortisation expenses	12.48	12.48	13.79	49.92	63.15	50.95	64.19
	(f) Other expenses	18.01	18.54	28.11	80.14	139.77	150.11	263.44
	Total Expenses	563.13	89.10	126.53	870.52	1,065.58	1,160.77	1,963.51
3	Profit / (Loss) before tax and exceptional items (3-2)	0.14	(15.77)	(69.98)	(61.63)	(272.62)	(438.31)	(1,132.35)
4	Exceptional items	-	-	-	-	-	-	-
5	Profit / (Loss) before tax (3-4)	0.14	(15.77)	(69.98)	(61.63)	(272.62)	(438.31)	(1,132.35)
6	Income Tax							
	Current Tax	-	-	-	-	-	-	-
	Deferred Tax	1.00	0.81	10.18	13.57	(3.88)	13.37	(3.88)
	Total tax expenses	1.00	0.81	10.18	13.57	(3.88)	13.37	(3.88)
7	Net (Loss) after tax (5-6)	(0.86)	(16.58)	(80.16)	(75.00)	(268.74)	(451.68)	(1,136.23)
8	Other Comprehensive Income							
	(a) Items that will not be reclassified to profit or loss	0.92	-	1.53	0.92	1.53	0.92	1.53
	(b) Income tax relating to items that will not be reclassified to profit or loss	(0.24)	-	(0.33)	(0.24)	(0.33)	(0.24)	(0.33)
	(c) Items that will be reclassified to profit or loss	-	-	-	-	-	88.88	(6.22)
	(d) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-	-
	Total Other Comprehensive Income/ (Loss)	0.68	-	0.98	0.68	0.98	89.44	(5.24)
9	Total Comprehensive (Loss) for the period (7+8)	(0.18)	(16.58)	(79.18)	(74.32)	(267.76)	(402.24)	(1,141.47)
10	Loss for the year attributable to:							
	(a) Owners of the parent						(851.61)	(1,127.58)
	(b) Non-controlling interests						(0.07)	(1.27)
11	Other comprehensive income/(Loss) attributable to:							
	(a) Owners of the parent						49.14	(5.24)
	(b) Non-controlling interests						-	-
12	Paid-up Equity Share Capital (Face Value per Share of ₹. 1/-)	3,170.00	3,170.00	3,170.00	3,170.00	3,170.00	3,170.00	3,170.00
13	Other Equity (Excluding Revaluation Reserve)	-	-	-	22,075.25	23,049.59	21,641.87	22,064.54
14	Earning Per Share in ₹. (Not Annualized)							
	Basic	(0.00)	(0.01)	(0.03)	(0.02)	(0.08)	(0.14)	(0.26)
	Diluted	(0.00)	(0.01)	(0.03)	(0.02)	(0.08)	(0.14)	(0.26)

Notes

1 Adoption of Ind AS 113 - Revenue from Contracts with Customers

Effective from 1st April, 2018, the Company adopted Ind AS 113, 'Revenue from contracts with customers', using the cumulative catch up transition method which is applied to contracts that were not completed as of the date of initial application i.e. April 01, 2018. Accordingly, the comparative has not been retrospectively adjusted. The Company do not have any outstanding contract not completed as of April 01, 2018. So, effect of Ind AS 113 is insignificant on the financial statements.

2 Lead Bank Punjab National Bank, on behalf of all consortium banks, had issued notice u/s 13(2) of the SARFAESI Act for recall of loans to the Company and had filed application under section 14 of the SARFAESI Act for possession of the secured assets of the Company. Thereafter, CMM Court, Mumbai issued an order permitting banks to take over possession of the secured assets. The Company approached DRT to restrain banks from taking any further steps in respect of taking possession of company's properties. During the hearing of case in DRT, Mumbai and DRT, Ahmedabad, the respondent banks withdrew the demand notices already issued and prayed for liberty to issue fresh demand notices. Consequent to above the Lead Bank Punjab National Bank, on behalf of all consortium banks, has issued fresh demand notice u/s 13(2) of the SARFAESI Act on 22nd Oct 2018 for an amount of Rs. 216.62 crores owed by company to the consortium banks and Asset Reconstruction Company up to March 31, 2018 which is pending for further proceedings. Two lender banks have already transferred and assigned its outstanding dues against company to an Asset Reconstruction Company. Thereafter, during the quarter Corporation Bank has filed petition with National Company Law Tribunal under Section 7 of the Insolvency and Bankruptcy Code, 2016 for initiating corporate insolvency resolution process which is still pending for hearing. One Time Settlement (OTS) Proposals submitted by company to banks has been rejected by the banks.

The company has also received enquiry and summons notices from Enforcement Directorate in respect of non-recovery of dues from overseas trade receivables against which the company has submitted its reply and has not received any further queries from Enforcement Directorate till date. The Company has also received show cause notice from Reserve Bank of India (RBI) for non-realisation of export bills within the period prescribed under the Foreign Exchange Management Act, 1999, to which the company has replied. The Company has also received show cause notice from Office of the Development Commissioner, Surt SEZ regarding certain non-compliance and non-realisation of export proceeds, which is pending for final hearing.



[Handwritten Signature]



GOENKA DIAMOND AND JEWELS LIMITED

Registered Office: 401, Panchsheel, MSE Ka Rasta, Jubari Bazar, Jaipur : 302003, Rajasthan

CIN No.L30911R(J)1901PLC000601

Statement of Standalone and Consolidated Audited Financial Results for the quarter/year ended March 31, 2019 prepared in compliance with the Indian Accounting Standard (Ind-AS)

3. The auditors in their report on financial statement for the year ended March 31, 2019 have given disclaimer of opinion on the basis of observations that the Company's operating results have been materially affected due to various factors including non-realization of trade receivables, non-availability of finance due to recall of loans by banks in consortium, legal action initiated by banks against company for recovery of its dues including initiating corporate insolvency resolution process with NCLT under Insolvency and Bankruptcy Code and for attachment of company's properties, assignment and transfer of dues of two bank in favor of an asset reconstruction company, pending income tax demands and consequent attachment of bank accounts by Income tax department, reliance on cash sales for meeting out expenses, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest to banks, non realization of interest on loans to subsidiary etc, which cast doubts on the ability of the Company to continue as going concern. The management is of the view that due to certain unfavorable developments and sluggish market in earlier periods, the recovery from trade receivables are slow and there is a mismatch in the cash flow resulting in default in payment to creditors, payment of statutory dues and repayment of dues to banks owing to which banks have classified the account as NPA and recalled their loans. The management is hopeful that these trade receivables shall be recovered as the company has initiated legal action by way of sending legal notices and filing court cases. The company has filed legal suits in Mumbai High Court against majority of debtors. Further, the management is taking all possible steps to revive the business operations and has approached consortium bankers and ARC for settlement of loan dues and assumes that Company will have adequate cash flow from export realization to delay its entire debt obligation and payment to creditors 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.
- 4 (a) Trade Receivables, Trade payables/other payables and Loans and advance given to a subsidiary denominated in foreign currency have not been restated based on exchange rate as at the year end. These Trade Receivables and Advances have been carried forward based on exchange rate as at the end of March 31, 2015, March 31, 2016 and / or as at end of March 31, 2017, as it is 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 loans and advances to subsidiary. Consequently, the payment to creditors is also dependent on recovery from these Trade receivables. The company shall account for the actual exchange difference at the time of realization of these trade receivables, Loans and advances and at the time of payment to trade creditors/ other payables.
- 4(b) As the promoters of the Company have approached consortium banks and ARC for settlement of entire dues, revolving, part-payment of principal amount against working capital loan dues, the Board in earlier year have decided not to provide interest on working capital borrowings availed by the Company. Accordingly, no interest liability has been provided for the financial year ended March 31, 2017, March 31, 2018 & March 31, 2019. Further, no confirmations and/or statements have been received from lender banks and an asset reconstruction company (ARC) having outstanding dues amounting to Rs. 9,779.13 lacs and various banks having debit balance of Rs. 15.51 Lacs at the year end. However, the management to the best of its knowledge and belief have recorded all the transactions.
- 4(c) Had the exchange gains/loss as referred in para 4(a) above and deferred tax assets (overpayment and interest in para 4(b) above been accounted for, the loss after tax in the standalone (consolidated) financials results for the year ended March 31, 2019 would have been decreased by Rs. 34.37 Lacs (increased by Rs. 126.68 lacs) . Accordingly, Trade Receivables, Advances and Interest receivable from subsidiary in standalone financials shown under Current Financial Assets are understated by Rs. 1,534.92 Lacs (Rs. 5,488.97 lacs), Trade Payables and Other Payables shown under Current Financial Liabilities are understated by Rs. 12,011.88 Lacs (Rs. 12,011.88 lacs), Loan to a Subsidiary shown under Non-Current Financial Assets is understated by Rs. 84.42 Lacs (Rs. Nil) and Deferred Tax assets are understated by Rs. 329.76 Lacs (Rs. 298.11 lacs) as at March 31, 2019. Figures in brackets indicate impact on consolidated financial statements.
5. The auditors have made observation regarding non recognition of expected credit loss on trade receivables, loan and advances (including accrued interest) given to subsidiary and investment in Optionally Convertible Debentures (including accrued interest). The management is of the view that in view of court cases initiated against the trade receivables and looking to the uncertainty regarding time frame and quantum of realization from these trade receivables, amount of expected credit loss required to be recognized cannot be estimated. The same shall be provided as and when the information regarding quantum and time frame of realization from these trade receivables is ascertained. With regard to loan (including accrued interest) due from subsidiary, the same is in the nature of long term loan for set up of business of the subsidiary and is part of net investment in the subsidiary. The operation of the subsidiary shall soon be revived and these loans will be recovered in near future. In respect of investment in OCD, the company assumes that the amount shall be recovered as per the terms of repayment.
6. With regard to auditors observation in standalone financial statement regarding non-provision for impairment against investment in subsidiaries amounting to Rs. 2.03 Lacs and Rs. 7.44 lacs, the management is of the view that the investment in subsidiary is in the nature of long term investment and the subsidiaries have substantial business value.
7. Mr. Navneet Goenka, Managing Director and CFO has submitted his resignation on May 28, 2019 from the office of Chief Financial Officer and the Board of Directors have accepted his resignation from the office of CFO with immediate effect in their meeting held on May 29, 2019.
8. In the standalone results the figures for the quarter ended March 31, 2019 and March 31, 2018 are the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto third quarter of the respective financial year. Figures for the previous periods are re-classified/ re-arranged/ re-grouped wherever necessary.

Place : Mumbai
Date : May 29, 2019



For Goenka Diamond & Jewels Ltd

Navneet Goenka
Chairman



Particulars	(₹ in Lacs)		(₹ in Lacs)	
	STANDALONE		CONSOLIDATED	
	As at 31/03/2019	As at 31/03/2018	As at 31/03/2019	As at 31/03/2018
	Audited	Audited	Audited	Audited
I ASSETS				
1 Non-Current Assets				
(a) Property, Plant and Equipment	803.47	853.38	811.28	862.23
(b) Intangible Assets	-	-	-	-
(c) Investment Property	-	-	-	-
(d) Financial Assets	-	-	-	-
(i) Investments	448.76	448.76	429.29	429.29
(ii) Loans	1,249.95	1,249.95	-	-
(iii) Others financial assets	141.75	86.38	142.22	86.83
(e) Deferred tax assets	58.04	71.66	58.04	71.66
2 Current assets				
(a) Inventories	2,529.69	2,686.41	3,190.65	3,565.65
(b) Financial Assets				
(i) Trade receivables	70,358.62	69,877.78	75,731.42	74,909.69
(ii) Cash and cash equivalents	43.80	43.70	49.60	44.51
(iii) Bank Balance other than cash and cash equivalents	0.10	0.65	0.10	0.65
(iv) Others current financial assets	641.14	527.31	50.20	33.14
(c) Other current assets	40.80	42.54	48.88	52.86
TOTAL ASSETS	76,316.12	75,888.52	80,511.68	80,056.52
II EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	3,170.00	3,170.00	3,170.00	3,170.00
(b) Other Equity	22,975.25	23,049.59	21,661.87	22,064.34
(c) Non Controlling Interest	-	-	6.86	6.93
2 Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	-	-	-	-
(b) Provisions	8.13	45.69	8.13	45.69
3 Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	-	-	251.78	251.78
(ii) Trade payables				
A. Dues to Micro enterprise and small enterprise	-	-	-	-
B. Dues other than Micro enterprise and small enterprise	30,251.19	29,787.26	35,939.29	35,126.83
(iii) Other financial liabilities	19,376.14	19,310.79	18,937.34	18,869.11
(b) Other current liabilities	118.75	116.26	118.81	116.42
(c) Provisions	3.56	38.56	3.56	38.56
(d) Current Tax Liabilities (Net)	413.10	370.29	414.04	366.88
TOTAL - EQUITY AND LIABILITIES	76,316.12	75,888.52	80,511.68	80,056.52





GOENKA DIAMOND AND JEWELS LIMITED

Registered Office: 401, Panchsarovar, MSR Ka Rasta, Johari Bazar, Jaipur - 302005, Rajasthan

CIN No. L26910RJ1901PLC00561

AUDITED SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER / YEAR ENDED MARCH 31, 2019

(₹ in Lacs)

Particulars	STANDALONE			STANDALONE		CONSOLIDATED	
	3 Month Ended March 31, 2019	3 Month Ended Dec 31, 2018	3 Month Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2018
	Audited	Unaudited	Audited	Audited	Audited	Audited	Audited
1. Segment Revenue							
(a) Diamond	525.28	35.75	51.85	651.71	648.13	665.67	773.52
(b) Jewellery	-	-	(1.90)	-	(1.90)	-	(1.90)
(c) Unallocable	-	-	-	-	-	-	-
Total	525.28	35.75	49.95	651.71	646.23	665.67	771.62
2. Segment Results							
(a) Diamond	578.24	38.42	29.23	633.19	174.90	606.58	219.70
(b) Jewellery	(276.08)	(33.74)	(54.69)	(702.18)	(358.47)	(902.33)	(1,254.79)
(c) Unallocable	-	-	-	-	-	-	-
Total	3.16	(3.34)	(25.46)	(69.99)	(183.57)	(295.75)	(1,035.09)
Less: (i) Interest	(18.44)	(13.80)	(14.67)	(28.95)	(28.65)	(28.95)	(28.65)
(ii) Other Income	37.99	37.58	10.78	157.17	150.89	157.17	150.89
(iii) Unallocable Expenses / Income	(21.37)	(24.71)	(40.44)	(187.87)	(141.70)	(228.77)	(180.87)
Total Profit Before Tax	0.14	(13.80)	(44.96)	(69.65)	(221.43)	(429.50)	(1,133.72)
3. Segment Assets							
(a) Diamond	65,987.06	65,448.23	65,463.57	65,987.06	65,463.57	71,373.04	70,018.33
(b) Jewellery	7,663.40	7,784.11	7,906.54	7,663.40	7,906.54	6,473.97	7,319.78
(c) Unallocable	2,665.66	2,620.51	2,518.41	2,665.66	2,518.41	2,665.67	2,538.41
Total	76,314.12	75,844.85	75,888.52	76,314.12	75,888.52	80,511.68	80,056.52
4. Segment Liabilities							
(a) Diamond	30,091.28	29,631.05	29,630.75	30,091.28	29,630.75	35,544.74	34,775.81
(b) Jewellery	193.93	199.02	186.99	193.93	186.99	222.53	195.18
(c) Unallocable	46,028.91	46,014.80	46,070.78	46,028.91	46,070.78	44,744.41	45,085.53
Total	76,314.12	75,844.85	75,888.52	76,314.12	75,888.52	80,511.68	80,056.52



[Handwritten Signature]

**Standalone Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited
Financial Results**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 of Goenka Diamond & Jewels Limited [See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2017 (₹ in Lakh)]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total Income	808.89	3,728.51
	2.	Total Expenditure	870.52	4,514.87
	3.	Net Profit/(Loss)	(61.63)	(786.36)
	4.	Earnings Per Share	(0.02)	(0.25)
	5.	Total Assets	76,316.12	82,265.20
	6.	Total Liabilities	50,170.87	62,182.75
	7.	Net Worth	26,145.25	20,082.45
	8.	Any other financial item(s) (as felt appropriate by the management)	0.68	0.68
Type of Audit Qualification		Comments in Auditors Report	Management Reply	
Basis of Qualified Conclusions				
Frequency of Qualification: Appearing for Fourth time		<p>The company has not translated following monetary items denominated in foreign currency as at the year ended closing rate and has been carried forward at the rate as at 31st March 2015, 31st March 2016, and / or 31st March 2017, which is not in accordance with Ind-AS -21 "The Effect of changes in Foreign Exchange Rates" and accounting policy followed by the Company.</p> <ul style="list-style-type: none"> i. Trade receivable amounting to Rs. 69,806.99 lacs ii. Trade payables and other payable amounting to Rs. 29,717.66 lacs iii. Loans and Advances to subsidiaries (including accrued interest) amounting to Rs. 1,819.52 lacs 	<p>It was 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 and loans and advances to subsidiary. Consequently, the payment to creditors is also dependent on recovery from these Trade receivables. The company shall account for the actual exchange difference at the time of realization of these trade receivables, Loans and advances and at the time of payment to trade creditors/ other payables. The company shall account for the actual exchange difference & deferred tax</p>	



	<p>The company has not provided for cumulative exchange gain (net) on the above items amounting to Rs. 4,007.63 lacs including exchange loss amounting to Rs. 455.45 Lacs and exchange gain amounting to Rs. 2,919.62 Lacs pertaining to the quarter and year ended March 31, 2019 respectively. Accordingly, exchange loss for the quarter is understated by Rs. 455.45 Lacs and exchange gain for the year is understated by Rs. 2,919.62 Lacs. The Company has not recognized deferred tax asset amounting to Rs. 329.74 lacs on the cumulative exchange gain (net) including deferred tax charge for the quarter amounting to Rs. 118.42 lacs and deferred tax credit for the year ended March 31, 2019 amounting to Rs. 759.10 Lacs.</p>	<p>liability at the time of actual occurrence of.</p>
<p>Frequency of Qualification: Appearing for the Third time</p>	<p>The Company has defaulted in repayment of loans taken from the banks due to which the banks have recalled their loans and have initiated legal actions. The management has decided not to provide interest on such loans and consequently based on the calculation done by the management total interest amounting to Rs. 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to Rs. 876.79 Lacs and Rs. 3,644.35 Lacs pertaining to the quarter and year ended March 31, 2019 respectively. Accordingly, finance cost for the quarter and year is understated by Rs. 876.79 Lacs and Rs. 3,644.35 Lacs respectively.</p> <p>Had the exchange difference and deferred tax thereon as stated in para (a) above and interest on loans as stated in para (b) above been provided, the loss after tax for the quarter would have been increased by Rs. 1450.66 Lacs and loss for the year</p>	<p>The Management is taking all possible steps to revive the business operations is trying for one time settlement (OTS) of entire loan dues with banks which envisage only part payment of principal and no interest payment. Accordingly, management has decided not to provide any interest liability. Any adjustment of interest shall be accounted for on final settlement of dues.</p>



	would have been decreased by Rs. 34.37 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by Rs. 5498.66 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by Rs. 12011.88 Lacs, Loan to a Subsidiary shown under Non-Current Financial Assets is understated by Rs. 84.42 Lacs, Deferred Tax assets are understated by Rs. 329.74 Lacs and other Current Financial Assets are understated by Rs. 36.26 Lacs as at March 31, 2019	
Frequency of Qualification: Already in previous years report as emphasis of matter, now shown as separate point – Fourth time	We draw attention to Note No. 2 and 4(b) of financial results regarding default in repayment of loans and interest to banks owing to which the banks has classified the account as NPA and recalled its loans and had initiated various legal actions for recovery of its dues including notices under Section 13(2) of the SARFESI Act and petition filed by a bank under section 7 of the Insolvency and Bankruptcy Code, 2016 which are still pending for hearing. The outstanding loan balances due to banks amounting to Rs. 9770.13 Lacs shown under Current Financial Liabilities for which no confirmation/ statements have been obtained and are subject to reconciliation and subsequent adjustments.	Factual description of status of legal cases. Since, the banks are not allowing any operation and no statements/ confirmations are being issued by the banks. However, the Management to the best of its knowledge and belief has recorded all the transactions
Frequency of Qualification: Fourth Time	No provision for the expected credit loss/ impairment relating to overdue Trade Receivables of Rs. 69,877.78 Lacs has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". In view of defaults in payment obligations by the Trade Receivables on due date, non-recoveries from Trade Receivables, non-confirmations/ reconciliation from Trade receivables, initiation of legal action/ suits against Trade	The Management is of the view that due to certain unfavorable developments and sluggish market in earlier periods, the recovery from trade receivables is slow and there is a mismatch in the cash flow. The Management is hopeful that these trade receivables shall be recovered as the company has initiated legal action by way of sending legal notices and filing court cases. The company has filed legal suits



	<p>Receivables by the company, notices/ summon to the Company from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of these Trade receivables, we are unable to determine the amount of expected credit loss/ impairment based on provision matrix as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact, on the financial statements.</p>	<p>in Mumbai High Court against majority of debtors.</p>
<p>Frequency of Qualification: Fourth Time</p>	<p>No provision for the expected credit loss/ impairment on loan to a subsidiary amounting to Rs. 1782.08 Lacs (including accrued interest) and investment in an entity by way of Optionally Convertible Debentures amounting to Rs. 559.15 Lacs (including accrued interest) has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". The net worth of above subsidiary and entity is negative and based on reasonable and supportable information regarding the current financial status and business condition of these entities, there has been significant increase in credit risk and there could be delay/default in recovery of these amounts. Considering the above, we are unable to comment on the amount of expected credit loss/ impairment and its consequential impact, on the financial statements</p>	<p>With regard to loan (including accrued interest) due from subsidiary, the same is in the nature of long term loan for set up of business of the subsidiary and is part of net investment in the subsidiary. The operation of the subsidiary shall soon be revived and these loans will be recovered in near future. In respect of investment in Optionally Convertible Debentures (OCD), the company assumes that the amount shall be recovered as per the terms of repayment.</p>
<p>Frequency of Qualification: Earlier appearing in Emphasis of matter Since 2011-12</p>	<p>The Inventory has been taken on the basis of physical verification carried out by the management as at the year-end and its valuation is based on determination of estimated net realizable value and specific identification which involves technical judgment of management. We have relied upon by</p>	<p>Management has physically verified the inventory as at year end and has properly valued the inventory based on determination of estimated net realizable value and specific identification</p>



	the physical verification and valuation of the Inventory as certified and determined by the management.	
Frequency of Qualification: Earlier appearing in Emphasis of matter –Fourth time	The company has made investment of Rs. 2.03 lacs and has given advance of Rs.59.78 lacs to its subsidiary namely M.B. Diamonds LLC and has made investment of Rs. 7.44 lacs in its subsidiary namely Goenka Diamond and Jewels DMCC, the net-worth of these subsidiaries as at the year end is negative. The Company has not made any provision for Impairment against these investments and advance.	The management is of the view that the investment is in the nature of long term investment and the diminution in value is of 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.
Frequency of Qualification: Earlier appearing in Emphasis of matter –Second time	Balances with Banks amounting to Rs 24.61 lacs (debit balances) and Rs. 15.31 lacs (credit balance) at the year end, Trade Payables and Other Current Assets and Liabilities are subject to confirmations and consequential adjustment thereof.	The management is of the opinion that all the transactions have been recorded on the books properly. Efforts are being made regularly for obtaining confirmations/ statements.
Material Uncertainty related to going concern – Fifth time	The Company's operating results have been materially affected due to various factors including non-realization of Trade receivables, defaults in repayment of loans and interest to banks, non-availability of finance due to recall of loans by banks in consortium, legal action initiated by banks against company for recovery of its dues, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and from other regulatory authorities, pending proceeding with National Company Law Tribunal, Debt Recovery Tribunals and other courts for recovery of banks dues and attachment of company's properties, assignment and transfer of dues of banks in favor of an asset reconstruction company (ARC), pending income tax demands and consequent attachment of bank accounts by Income tax department, reliance on cash sales for meeting out expenses, overall substantial decrease in	The management is of the view that due to certain unfavourable developments and sluggish market in earlier periods, the recovery from trade receivables are slow and there is a mismatch in the cash flow resulting in default in payment to creditors, payment of statutory dues and repayment of dues to banks owing to which banks have classified the account as NPA and recalled their loans. The management is hopeful that these trade receivables shall be recovered as the company has initiated legal action by way of sending legal notices and filing court cases. The company has filed legal suits in Mumbai High Court against majority of debtors and is in process of filing legal suits against other major debtors. Further, the management is taking all possible steps to revive the business operations and has



	<p>volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, non realization of loan and interest thereon from a subsidiary etc. 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 Trade Receivables to meet its short term and long term obligations as well as to establish consistent business operation. The above situation indicates that material uncertainty exists that cast significant doubt on company's ability to continue as a going concern.</p>	<p>approached consortium bankers for one time settlement of entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation and payment to creditors 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.</p>
<p>Disclaimer of Opinion – Third time</p>	<p>In absence of any convincing audit evidences regarding certainty, quantum and time frame for recovery from Trade receivable, outcome of pending legal action initiated against debtor and legal cases initiated by banks against company for recovery of loans and possession of Company's properties, transfer of banks dues in favor of ARC, other factors such as non-payment of liabilities including statutory dues, non-availability of finance due to recalling of the bank finance and attachment of bank accounts by Income tax department against its dues, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein etc and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial result and ability of the company to continue as a going concern.</p> <p>Because of the significance of the matters described in the basis of qualified conclusions, absence of sufficient appropriate audit evidences</p>	<p>Auditors have not expressed an opinion on the financial statements due to the reasons has mentioned in the auditors comments</p>



	and Material uncertainty related to Going Concern paragraph above, 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 do not express an opinion on the financial statements.	
To be signed by		
For Goenka Diamond & Jewels Ltd.		For Goenka Diamond & Jewels Ltd.
 Nandlal Goenka CEO / Chairman DIN : 00125281 		 Bhau Dhure Chairman Audit Committee DIN : 08067074
Place: Mumbai Date: May 29, 2019	For Ummed Jain & Co. ICAI Firm Regn. No. 119250W  Akhil Jain Partner Membership No.: 137970 	

	<p>amounting to Rs. 3877.25 lacs including exchange gain amounting to Rs. 2791.96 Lacs pertaining to the year ended March 31, 2019 respectively. Accordingly, exchange gain for the year ended March 31, 2019 is understated by Rs. 2791.96 Lacs. The Holding Company has not recognized deferred tax asset amounting to Rs. 298.11 lacs on the above cumulative exchange gain (net) including deferred tax credit of Rs. 725.91 lacs for the year ended March 31, 2019.</p>	<p>actual exchange difference & deferred tax liability at the time of actual occurrence of.</p>
<p>Frequency of Qualification: Appearing for Third time</p>	<p>The Holding Company has defaulted on repayment of loans taken from the banks due to which the banks have recalled their loans and have initiated legal actions. The Holding Company's management has decided not to provide interest on such loans and consequently based on the calculation done by the management total interest amounting to Rs. 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to Rs. 3,644.35 Lacs pertaining to the year ended March 31, 2019 respectively. Accordingly, finance cost for the year is understated by Rs. 3,644.35 Lacs.</p> <p>Had the exchange difference and deferred tax thereon as stated in para (a) above and interest on loans as stated in para (b) above been provided, the loss for the year would have been increased by Rs. 126.48 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by Rs. 5488.97 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by Rs. 12011.88 Lacs and Deferred Tax assets are understated by Rs. 298.11 Lacs as at March 31, 2019.</p>	<p>The Management is taking all possible steps to revive the business operations is trying for one time settlement (OTS) of entire loan dues with banks which envisage only part payment of principal and no interest payment. Accordingly, management has decided not to provide any interest liability. Any adjustment of interest shall be accounted for on final settlement of dues.</p>



<p>Frequency of Qualification: Already in previous years report as emphasis of matter, now shown as separate point – Fourth time</p>	<p>We draw attention to Note No. 2 and 4(b) of financial results regarding default in repayment of loans and interest to banks owing to which the banks has classified the account as NPA and recalled its loans and had initiated various legal actions for recovery of its dues including notices under Section 13(2) of the SARFESI Act and petition filed by a bank under section 7 of the Insolvency and Bankruptcy Code, 2016 which are still pending for hearing. The outstanding loan balances due to banks amounting to Rs. 9770.13 Lacs shown under Current Financial Liabilities for which no confirmation/ statements have been obtained and are subject to reconciliation and subsequent adjustments</p>	<p>Factual description of status of legal cases. Since, the banks are not allowing any operation and no statements/ confirmations are being issued by the banks. However, the Management to the best of its knowledge and belief has recorded all the transactions</p>
<p>Frequency of Qualification: Appeared earlier in FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17 and F Y 2017-18</p>	<p>No provision for the expected credit loss/ impairment relating to overdue Trade Receivables of Rs. 75250.59 Lacs has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". In view of defaults in payment obligations by the Trade Receivables on due date, non-recoveries from Trade Receivables, non-confirmations/ reconciliation from Trade receivables, initiation of legal action/ suits against Trade Receivables by the holding company, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and in absence of clear forward looking information regarding outcome of pending legal actions initiated and time frame and quantum of realisability of these Trade receivables, we are unable to determine the amount of expected credit loss/ impairment based on provision matrix as per the requirements of Ind-AS 109 "Financial Instruments" and its consequential impact, on the financial statements.</p>	<p>The Management is of the view that due to certain unfavorable developments and sluggish market in earlier periods, the recovery from trade receivables is slow and there is a mismatch in the cash flow. The Management is hopeful that these trade receivables shall be recovered as the company has initiated legal action by way of sending legal notices and filing court cases. The company has filed legal suits in Mumbai High Court against majority of debtors.</p>



<p>Frequency of Qualification: Appeared for Third time</p>	<p>No provision for investment in an entity by way of Optionally Convertible Debentures amounting to Rs. 559.15 Lacs (including accrued interest) has been recognized as per the requirement of Ind- AS 109 "Financial Instruments". The net worth of above entity is negative and based on reasonable and supportable information regarding the current financial status and business condition of the entity, there has been significant increase in credit risk and there could be delay/default in recovery of these amounts. Considering the above, we are unable to comment on the amount of expected credit loss/ impairment and its consequential impact, on the consolidated financial statements.</p>	<p>In respect of investment in Optionally Convertible Debentures (OCD), the company assumes that the amount shall be recovered as per the terms of repayment.</p>
<p>Frequency of Qualification: Earlier appearing in Emphasis of matter Since 2011-12</p>	<p>The Inventory of holding company has been taken on the basis of physical verification carried out by the management as at the year-end and its valuation is based on determination of estimated net realizable value and specific identification which involves technical judgment of management. We have relied upon by the physical verification and valuation of the Inventory as certified and determined by the management.</p>	<p>Management has physically verified the inventory as at year end and has properly valued the inventory based on determination of estimated net realizable value and specific identification</p>
<p>Frequency of Qualification: Earlier appearing in Emphasis of matter –Second time</p>	<p>Balances with Banks amounting to Rs 24.61 lacs (debit balances) and Rs. 15.31 lacs (credit balance) at the year end, Trade Payables and Other Current Assets and Liabilities of Holding Company are subject to confirmations and consequential adjustment thereof.</p>	<p>The management is of the opinion that all the transactions have been recorded on the books properly. Efforts are being made regularly for obtaining confirmations/ statements.</p>
<p>Material Uncertainty related to going concern – Fifth time</p>	<p>The Group's operating results have been materially affected due to various factors including non-realization of Trade receivables, defaults in repayment of loans and interest to banks, non-availability of finance due to recall of loans by banks in consortium, legal actions/ insolvency proceedings initiated by banks against company for recovery of</p>	<p>The management is of the view that due to certain unfavourable developments and sluggish market in earlier periods, the recovery from trade receivables are slow and there is a mismatch in the cash flow resulting in default in payment to creditors, payment of statutory dues and repayment of dues to banks owing to which</p>



	<p>its dues, notices/ summon from Enforcement Directorate, Reserve Bank of India, Development Commissioner of Surat SEZ and from other regulatory authorities, pending cases with National Company Law Tribunal, Debt Recovery Tribunals and other courts for recovery of banks dues and attachment of company's properties, assignment and transfer of dues of banks in favor of an asset reconstruction company (ARC), pending income tax demands and consequent attachment of bank accounts by income tax department, reliance on cash sales for meeting out expenses, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, etc. 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 Trade Receivables to meet its short term and long term obligations as well as to establish consistent business operation. The above situation indicates that material uncertainty exist that cast significant doubt on group's ability to continue as a going concern.</p>	<p>banks have classified the account as NPA and recalled their loans. The management is hopeful that these trade receivables shall be recovered as the company has initiated legal action by way of sending legal notices and filing court cases. The company has filed legal suits in Mumbai High Court against majority of debtors and is in process of filing legal suits against other major debtors. Further, the management is taking all possible steps to revive the business operations and has approached consortium bankers for one time settlement of entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation and payment to creditors 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.</p>
<p>Disclaimer of Opinion</p>		
<p>Frequency of Qualification: Appearing for Third time</p>	<p>In absence of any sufficient appropriate audit evidences regarding certainty, quantum and time frame for recovery from Trade receivable, investments and interest thereon, outcome of pending legal action initiated against debtors and legal cases/ insolvency proceedings initiated by banks against company for recovery of loans and possession of Holding Company's properties,</p>	<p>Auditors have not expressed an opinion on the financial statements due to the reasons has mentioned in the auditors comments</p>



	<p>transfer of banks dues in favor of ARC, other factors such as non-payment of liabilities including statutory dues, non-availability of finance due to recalling of the bank finance and attachment of bank accounts by Income tax department against its dues, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein etc and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial result and ability of the group to continue as a going concern.</p> <p>Because of the significance of the matters described in the basis of qualified conclusions, absence of sufficient appropriate audit evidences and Material uncertainty related to Going Concern paragraph above, it is not possible to form an opinion on the consolidated financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements. Accordingly, we do not express an opinion on the consolidated financial statements.</p>	
<u>Emphasis of Matter</u>		
To be signed by		
<p>For Goenka Diamond & Jewels Ltd.</p> <p></p> <p>Nandlal Goenka CEO / Chairman DIN : 00125281</p> 		<p>For Goenka Diamond & Jewels Ltd.</p> <p></p> <p>Bhau Dhure Chairman Audit Committee DIN : 08067074</p>



For Ummed Jain & Co.
ICAI Firm Regn. No. 119250W


Achil Jain
Partner

Membership No.: 137970

