G

September 03, 2019

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| To, | To, |
| The General Manager-Listing, | The Manager (Listing), |
| **BSE Limited,** | **National Stock Exchange of India Limited** |
| Phiroze Jeejeebhoy Towers, | Exchange Plaza, Bandra Kurla Complex, |
| Dalal Street, Mumbai - 400 001 | Mumbai – 400051 |
| **Scrip Code: 533189** | **Symbol: GOENKA** |

SUB : Annual Report for Financial year 2018-19

We would like to inform you that we have dispatched copies of Annual Report today on September 3, 2019 for Annual General Meeting of the Company to be held on September 27, 2019. The copy of the Annual Report and Courier Certificate is attached herewith.

We request you to treat this as compliance with the provisions of Regulation 34 (1) of the SEBI (LIsting Obligations and Disclosure Requirements), Regulations, 2015, as amended. Further, as clarified by BSE vide its circular dated 16th May 2019, we shall submit the Annual Report in XBRL mode at the same time of filing Form AOC - 4 XBRL with the Ministry of Corporate Affairs within the prescribed time limit under the Companies Act, 2013.

We request you to take the same on your records.

Encl:

a) Annual Report for F.Y. 2018-19
b) Courier Certificate as received by the Company

For **Goenka Diamond and Jewels Limited**

**Director**
**Nand Lal Goenka**
**Director**
**DIN : 00125281**


**GOENKA DIAMOND AND JEWELS LIMITED**
Corp. Off.: 1305, Panchratna, Opera House, Mumbai 400 004, India *Tel.*: (022) 2361 3102, 2362 0222 *Fax* : (022) 2367 6020
Regd. Off.: 401, Panchratna, M.S.B. Ka Rasta, Johari Bazar, Jaipur 302 003, India *Tel.*: (0141) 2574175 *Fax* : (0141) 2573305
*e-mail* : accounts@goenkadiamonds.com *Website* : www.goenkadiamonds.com CIN : L36911RJ1990PLC005651

# GOENKA
## DIAMOND & JEWELS LIMITED

Manufacturer of
LARGE DIAMONDS
& Fine Jewellery

# ANNUAL REPORT
## 2018 - 2019

# Index

**Board of Directors**

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

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

**Mr. BHAU SANJAY DHURE** (DIN:08067074)
*Independent Director*

**Mrs. DHARA ATUL SHAH** (DIN:08067855)
*Independent Director*

**Company Secretary & Compliance Officer**
Nidhi Kanoongo

**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

**Statutory Auditors**
**M/s. Ummed Jain & Co.,** (Regn. No. 119250W)
Chartered Accountants

**Registrar and Transfer agents**
Karvy Fintech 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

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

**Depositories**

National Securities Depository Limited (“NSDL”)

Central Depository Services (India) Limited (“CDSL”)

**29th Annual General Meeting**
Friday, September 27, 2019 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, 2018. At the Annual General Meeting held on September 29, 2018, he was re-appointed as the Chairman of our Company w.e.f. April 01, 2018 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 47 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 34th 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, 2018. At the Annual General Meeting held on September 29, 2018, he was re-appointed as the Vice-Chairman and Managing Director of our Company w.e.f. April 01, 2018 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 and he has resigned as CFO w.e.f. May 28, 2019 and appointed as CFO of the company w.e.f. August 14, 2019. 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 22 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. Bhau Sanjay Dhure** (DIN: 8067074), is a Non-Executive Independent Director of our Company. He was appointed as an Additional Director (Independent) of our Company on 06th February, 2018 and then regularised in Annual General Meeting dated September 29, 2018. He holds degree in Bachelor of Commerce, University of Mumbai. He is a Bank Officer in Yes Bank, one of the leading private sectors Bank. He is a member of Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee of the company. He is having versatile experience in Banking and Credit management.

**Mrs. Dhara Atul ShaH** (DIN: 08067855), is a Non-Executive Independent Woman Director of our Company. She was appointed as an Additional Director (independent) of our Company on February 06, 2018 and then regularised in Annual General Meeting dated September 29, 2018. She graduates from Arts and Economics stream. She is a member of Audit committee, Stakeholders Relationship committee and Nomination and Remuneration committee of the company. She has good experience in working with renowned people in the field of Finance, management and Economics.

# NOTICE

**NOTICE** is hereby given that the Twenty Ninth Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED ("the Company")** will be held on Friday, September 27, 2019 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 :

   a) Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2019 including the Balance Sheet as at March 31, 2019, 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.

   b) Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2019 including the Balance Sheet as at March 31, 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Auditors thereon.

2. To re-appoint M/s Ummed Jain & Co., (**Firm Regn. No.119250W**) Chartered Accountants, Mumbai as the Statutory Auditor 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 Ordinary

   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 Ummed Jain & Co., **(Regn. No.119250W)**, Chartered Accountants, Mumbai be and is hereby appointed as 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 be and hereby authorised to fix its remuneration".

   **"FURTHER RESOLVED THAT** any Director of the Company and the Company Secretary of the Company is be and hereby authorised to do all such acts and deeds and to execute all such documents and to submit certified true copy of this resolution wherever required".

**By Order of the Board of Directors**

**Nandlal Goenka**
**DIN : 00125281**
**Chairman**

**Registered office:**
401, Panchratana,
M. S. B. Ka Rasta,
Johari Bazar,
Jaipur-302003

Place: Mumbai
Date: August 14, 2019
CIN: L36911RJ1990PLC005651
E-mail id: cs@goenkadiamonds.com

**NOTES:**

1. **There being no special resolution, Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act’) setting out material facts concerning the business of the Notice, is not required.**

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/or 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 September 24, 2019 to September 27, 2019 (both days inclusive).

8. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Fintech 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 at cs@goenkadiamonds.com, 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

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 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Fintech 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. September 20, 2019.

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 20, 2019, 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 Id evoting@karvy.com or to Mr. U S Singh, Contact No. 040-67162222 at Karvy Fintech 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.

19. In accordance with the amendments to Regulation 40 of Listing Regulations, to be made effective later, the Securities and Exchange Board of India (SEBI) has revised the provisions relating to transfer of listed securities and has decided that request for effecting transfer of listed securities shall not be processed unless the securities are held in dematerialized form with a Depository (National Securities Depository Limited and Central Depository Services (India) Limited). Members holding shares in physical form are requested to convert their holding(s) to dematerialized form to avoid any adverse consequences associated with physical shares.

20. Relevant documents referred to in the accompanying Notice and the statement pursuant to section 102 (1) of the Companies Act, 2013 are available for inspection at the Registered office of the Company during the Business hours on all days except, Sundays and all public holidays upto the date of AGM;

**Registered office:**
401, Panchratana,
M. S. B. Ka Rasta,
Johari Bazar,
Jaipur-302003

Place: Mumbai
Date: August 14, 2019
CIN: L36911RJ1990PLC005651
E-mail id: cs@goenkadiamonds.com

**By Order of the Board of Directors**

**Nandlal Goenka**
**DIN : 00125281**
**Chairman**

# DIRECTORS' REPORT

**Dear Shareholders,**

Your Directors are pleased to present the Twenty Eighth Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2019.

**Financial Highlights**

**(₹ In lakhs)**

| **Particulars** | **31.03.2019** | **31.03.2018** |
|---|---|---|
| Sales and Other Income | 808.89 | 792.96 |
| Less: Expenses | 820.60 | 982.44 |
| Profit / (Loss) before tax and depreciation | (11.71) | (189.48) |
| Less: Depreciation | 49.92 | 63.15 |
| Net Profit/(Loss) before Tax | (61.63) | (252.63) |
| Less: Income tax provision | 0.00 | 0.00 |
| Less: Deferred Tax | 13.37 | (3.88) |
| Less: Earlier Years' Income Tax | 0.00 | 0.00 |
| Less: MAT Credit Entitlement | 0.00 | 0.00 |
| Profit/(Loss) after tax | (75.00) | (248.74) |
| Balance brought forward from previous year | 12063.21 | 12311.95 |
| Profit available for appropriation | 11988.20 | 12063.21 |
| **Appropriation** | | |
| Issue of Bonus shares | ---- | ---- |
| Transfer to General Reserve | ---- | ---- |
| Proposed Dividend on Equity shares | ---- | ---- |
| Tax on Proposed Dividend | ---- | ---- |
| Profit carried over to Balance Sheet | 11988.20 | 12063.21 |
| Earnings per share | (0.02) | (0.08) |

**State of Company's Affairs**

Your Directors wish to inform you that during the current financial year ended March 31, 2019, the sales and other income of the Company were ₹ 808.89 lakhs and during the previous year it was ₹ 792.96 lakhs. During the year, the company incurred Net Loss before tax of ₹ 61.63 lakhs as against Net loss before tax of ₹ 252.63 lakhs in the previous year. The management of the company is of the opinion that company will reinstate its profitability in coming years. In the current year company's losses have declined. However, company is still facing liquidity crunch and the same shall be done away with increasing performance of the company. The previous year figures are re-grouped / re-arranged due to adoption of Indian Accounting standards ("Ind As") as per the applicable rules and regulations in force.

**Dividend**

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

**IPO Fund Utilization**

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 remaining amounts of ₹ 76.98 lakhs have been attached / adjusted by government authorities against disputed dues.

**Directors and Key Managerial Personnel**

Your Board comprises of 4 directors comprising of 2 promoter directors and 2 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 Independent Directors – Mr. Bhau Dhure and Mrs. Dhara Atul 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, 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 2018-2019, your Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable Ind As, which is adopted second time in preparation of financial statements for the year ended March 31, 2019 as per the applicable laws and rules and regulations for the time being in force the read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;

b) 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, 2019 and of the loss of the Company for the year ended on that date;

c) 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;

d) 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.

e) 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 credit given to the overseas buyers in the previous year(s). The present outstanding amount of debtor's receivable is majorly due to the credit sales made in the previous year(s). 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 extending credit to buyers. The company has initiated legal proceedings against the debtors in the respective courts.

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.

As per the requirements of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other rules and regulations as may be applicable from time to time, the audited consolidated financial statements of your company is prepared in accordance with applicable Indian Accounting Standards (Ind AS) are enclosed herewith.

**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.

During the year under review, pursuant to section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (the “Rules”) framed there under, your company has transferred sum of ₹ 41,643/- & ₹ 13,494/- to Investor Education and Protection Fund (“IEPF”) in respect of the dividend remained unclaimed for seven consecutive years or more.

**Number of Meetings of the Board**

The Board met Four times in financial year 2018-2019, on May 30, 2018, August 11, 2018, November 03, 2018 and February 14, 2019. The maximum interval between any two meetings did not exceed 120 days.

**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 Present Audit Committee comprises namely Mr. Bhau Dhure, Mr. Navneet Goenka and Mrs. Dhara Shah.

   Mr. Bhau Dhure – Chairman

   Mr. Navneet Goenka – Member.

   Mrs. Dhara Shah – Member.

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

2. **Nomination and Remuneration Committee**

   The Present Nomination and Remuneration Committee comprises namely Mrs. Dhara Shah, Mr. Bhau Dhure and Mr. Nandlal Goenka.

Mrs. Dhara Shah – Chairman

Mr. Bhau Dhure – Member

Mr. Nandlal Goenka – Member

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

3. **Stakeholders Relationship Committee**

The Present Stakeholders Relationship Committee comprises namely Mr. Bhau Dhure, Mr. Navneet Goenka and Mrs. Dhara Shah.

Mr. Bhau Dhure– Chairperson

Mr. Navneet Goenka – Member

Mrs. Dhara Shah – 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. Ummed Jain & Co., (Firm Regn. No. 119250W) Chartered Accountant, Mumbai Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting.

It is proposed to re-appoint M/s. Ummed Jain & Co., (Firm Regn. No. 119250W) Chartered Accountant, Mumbai as statutory auditor of the Company and they have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment. The proposal for their appointment is included in the notice of Annual General Meeting sent herewith.

**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 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 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 35 and 42 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

**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, 2019.

**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 have been no 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 except the Corporation Bank, one of the lenders bank of the company has moved to the NCLT Jaipur for the recovery of outstanding dues, as company's account has turned NPA. The next hearing date of NCLT is scheduled on September 3, 2019. The matter being sub judice the directors of the company are not able to comment on the same. However, the directors will intimate the members of the company and the regulators from time to time as per the regulations as may be applicable from time to time.

**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, organizational structures, processes, standards, code of conduct and behaviors govern how the company conducts the business and manages associated risks.

**Internal Financial Controls**

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 credit given to the overseas buyers in the previous year(s). The present outstanding amount of debtor's receivable is majorly due to the credit sales made in the previous year(s). 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 extending credit to buyers. The company has initiated legal proceedings against the debtors in the respective courts.

**Share Capital**

The paid up equity share capital of the Company as on March 31, 2019 was ₹ 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 were 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 2018-19 and Notice of the 29th 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

a) *Auditors observation :* We do not express an opinion on the accompanying standalone Ind AS financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this standalone Ind AS Financial Statements

Management Reply: The management has provided the major audit evidence to excepting the at certain occasions the account confirmation of overseas debtors and creditors and few bank confirmations owing to the frozen bank accounts and bank accounts converted in NPA. The Company has approached consortium bankers and ARC for settlement of 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 The promoters of the Company are also ready to infuse funds in the company and to raise fund from alternate means to meet short term and long term obligations of the Company.

b) *Auditors observation : With reference to Note No. 5(a), 9(b), 12 and 19(b), wherein the company has not re-stated 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.*

Management Reply: 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 & advances to subsidiaries. Consequently, the payment to creditors is also dependent on recovery from these Trade receivables and loans & advances to subsidiaries. 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 payables.

c) *Auditors observation : With reference to Note 20 (d) and auditors report point no (b) of standalone financial statements, auditors have observed that 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. During the previous year, the management has decided not to provide interest on such loans.*

Management Reply: the management has taken requisite steps with regards to legal action initiated by the banks and It has been decided by the Board not to provide any interest on working capital borrowing availed by the Company, due to pending proposal for settlement of entire dues, envisaging part-payment of principal amount due to the banks, also management is in discussion with ARC for takeover of outstanding dues.

d) *Auditors observation : Refer Note No. 9(a) and point no (d) of Auditors Report, regarding non-provision of the expected credit loss/ impairment relating to overdue Trade Receivables of ₹ 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 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.*

Management Reply: 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 confirmations 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 looking to the uncertainty regarding time frame and quantum of realisation from these trade receivables, amount of expected credit loss required to be recognised cannot be estimated and therefore no provision for expected credit loss is required to be made against these trade receivables.

e) *Auditors observation : Refer Note No. 42(c)and point no (e) of Auditor's Report, regarding non-provision for the expected credit loss/ impairment on loan to a subsidiary amounting to ₹ 1782.68 Lacs (including accrued interest) and investment in an entity by way of Optionally Convertible Debentures amounting to ₹ 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 los/ impairment and its consequential impact, on the financial statements.*

Management Reply: Loans given to subsidiaries 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 and therefore non provision for expected credit loss is required. In respect of investment in OCD, the company assumes that the amount shall be recovered as per the terms of repayment and therefore no impairment is required.

f) *Auditors observation*: *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, outcome of pending legal action initiated against debtors, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein, 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.. 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.*

g) *Because of the significance of the matters described in the basis of qualified conclusions 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*

h) *Balances of Trade Receivables, Trade Payables and Current Assets and Liabilities are subject to confirmations and consequential adjustment thereof*

Management Reply: 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. The Company has approached consortium bankers and ARC for settlement of 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. Further, the management is taking all possible steps to revive the business operations and has achieved the turnover of ₹ 651.72 lacs during the year. The management is confident that the business modal of the company is still intact and it can carry on the business of the company in profitable manner. The Company is trying its best to successfully come out of this phase as is hopeful that the bankers and ARC will accept its restructuring/ one-time settlement proposal and at the same time is also confident that it will have adequate cash flow from export realization and internal accruals to defray its entire debt obligation in phased manner. The promoters of the Company are also ready to infuse funds in the company and to raise fund from alternate means to meet short term and long term obligations of the Company. Hence the accounts of the Company are prepared on going concern basis. The matter is pending before NCLT, Jaipur the detailed explanation is given in directors report above.

i) *Auditors observation: Refer Accounting Policy II(E),and auditors report point no (f) and point no (ii) of Annexure – A of Auditors Report 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.*

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

j) *Auditors observation: Refer Note No. 20(A) and auditors report point no (c) and point no (h) regarding balances of few banks and a asset reconstruction company having outstanding dues of ₹ 9770.13 lacs have neither issued bank statements nor confirmed balance outstanding as at year-end.*

Management Reply: Regarding balances of few banks and a asset reconstruction company having outstanding dues *of ₹ 9770.13* lacs have neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management to the best of its knowledge and belief have recorded all the transactions.

k) *Refer Note No. 40(b) and auditors report point no (g) regarding investment of ₹ 2.03 lacs and advance of ₹ 59.78 lacs to its subsidiary namely M.B. Diamonds LLC and has made investment of ₹ 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. 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.*

Management Reply: No provision has been made on an investment of ₹ 2.03 lakhs and advance given of ₹ 59.78 lakhs by the Company to its subsidiary namely M/s. M. B. Diamond LLC (Russia) & has made investment of ₹ 7.44 lacs in its subsidiary namely Goenka Diamond and Jewels DMCC 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.

l) Regarding auditors' observations at point no. (a) to (d), point no. (f) to (g) as reported by them under section 143(3), management replies may be found in the above paragraphs.

m) *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 appeal is pending before ITAT Mumbai and regarding PVAT, Company is confident that it will be able to get favorable orders from the concerned appellate authorities.

n) *Regarding observation made by the Auditors at Point No. (viii) of the Annexure "A" to Auditors Report*

Management Reply: The management reply is given in above points

o) *Regarding observation made by the Auditors in the point no (a) of 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. The management is of the view that due to certain unfavourable developments and slugglish market in earlier periods, the recovery from trade receivables is slow. 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.

p) *Regarding observation made by the Auditors in the point no (b) 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 receivable s, 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.

## SECRETARIAL AUDITORS REMARKS AND MANAGEMENTS REPLIES THEREUPON

1) Auditors Observation on legal action taken by the banks

   Management Reply: the management has taken requisite steps with regards to legal action initiated by the banks

2) Auditors Observation on assignment and transfer of dues of two bank in favor of an asset reconstruction company (ARC)

   Management Reply : The banks have classified the account as NPA and recalled their loans. And as consequence two banks dues were assigned and transfer to an asset reconstruction company (ARC)

3) Auditors Observation made on delay in payment of statutory dues:

   Management Reply: The management is of the view that due to certain unfavourable developments and slugglish 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 of statutory dues.

4) Auditors Observation made on long outstanding Trade Receivables and non realization of overseas debtors for more than 180 days:

   Management Reply: The Company has already filed legal suits against the major overseas buyers in respective courts. Legal suits against other overseas buyers are in the process of being filed for the recovery of Export Outstanding.

5) 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) and also management is in discussion with ARC.

6) Auditors observation regarding 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

   Management Reply: Due to default in repayment of dues to banks owing to which the bankers have classified the account as NPA and recalled their loans. the matter is pending with the legal authorities and with regards to NCLT matter is pending before NCLT, Jaipur and regarding notice from development commissioner of Surat SEZ, matter is pending for hearing. .

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

The Company is engaged in manufacturing of gems and jewellery and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy, in its endeavor towards conservation of energy your Company ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Several environment friendly measures were adopted by the Company such as minimising air-conditioning usage, Shutting off all the lights when not in use

**Technology Absorption, Adoption and Innovation**

The Company continuously monitors and keep track of technological upgradation in the field of Jewellery manufacturing and the same are reviewed and considered for implementation. Your Company continued its focus on quality up-gradation and product enhancements. The company uses indigenous technology for its operations.

**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. 31 (v) 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 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.
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 14, 2019**

**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**

| Sr. No. | 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; | Directors<br>1. Mr. Nandlal Goenka : 2.00<br>2. Mr. Navneet Goenka : 1.63<br>3. Mr. Bhau Dhure : 0.27<br>4. Mrs. Dhara Shah : 0.22 |
| (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; | Directors<br>1. Mr. Nandlal Goenka : N.A.<br>2. Mr. Navneet Goenka : N.A.<br>3. Mr. Bhau Dhure : N.A.<br>4. Mrs. Dhara Shah : N.A.<br><br>Chief Financial Officer<br>5. Mr. Navneet Goenka : N.A.<br><br>Company Secretary<br>6. Ms. Nidhi Kanoongo : -28.57% |
| (iii) | the percentage increase in the median remuneration of employees in the financial year; | 10% |
| (iv) | the number of permanent employees on the rolls of company; | 16 Employees as on 31.03.2019 |
| (v) | variations in the market capitalisation of the company, and previous financial year; | Market capitalization (₹ / Crore):<br>As on 31.03.2019 — As on 31.03.2018 — % Increase/ decrease<br>9.83 — 18.70 — (52.54%) |
| (vi) | Price earnings ratio as at the closing date of the current financial year and previous financial year | As on 31.03.2017 — As on 31.03.2018<br>N.A. — N.A. (Due to negative EPS) |
| (vii) | 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 | 99.99% decline in the market quotation of the company's share in comparison to the last public offer. |
| (viii) | 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 : 10.00%<br><br>Average increase in Managerial Remuneration : N.A. |
| (ix) | 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, 2019 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, 2019

*[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, 2019 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, 2019 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 Fintech 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 and overseas debtors realization are pending for more than 180 days.

(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.

(vi) 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.

**I further report that**

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. Also some of the banks has assigned the outstanding dues to ARC. The banks have also initiated legal actions against the company and in regards to the shares pledged by the promoters bank has invoked the pledge due to which promoters holding has been reduced. 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.

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 regards to the financial impacts of the pledge invoked by the bank and assignment of dues to ARC and matters related to outstanding dues to the bank and statutory dues the statutory auditors has given detailed disclosure and qualifications in their audit report.

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.

Place : Mumbai
Date : August 14, 2019

For **Vishal N. Manseta**

**Practising Company Secretary**
**ACS No. A25183**
**C P No.: 8981**

## 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.

Place : Mumbai
Date : August 14, 2019

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

**Vishal N. Manseta**
**ACS No. A25183**
**CP No. 8981**

# 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 46 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 supplies the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based in India The company was in the export business in earlier years , however, the company has not been able to perform well during the recent past including the year under review.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

India is deemed to be the hub of the global Jewellery market because of its low costs and availability of high-skilled labour. India is the world's largest cutting and polishing centre for diamonds, with the cutting and polishing industry being well supported by government policies. The Gems and Jewellery sector is witnessing changes in consumer preferences due to adoption of western lifestyle. Consumers are demanding new designs and varieties in jewellery, and branded jewellers are able to fulfil their changing demands better than the local unorganised players. Moreover, increase in per capita income has led to an increase in sales of jewellery, as jewellery is a status symbol in India.

## SEGMENT WISE PERFORMANCE OF THE COMPANY

The company has two segments Diamond and Jewelley. Please refer to note no. 34 to Financial Statements for segment wise performance.

## OUTLOOK

For Financial Year 2019 – 2020, 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, including one time settlement of loans with banks and takeover of loan by other institutions.

## RISK AND CONCERNS

Looking at the scenario in India in case of gems and jewellery industry, Risks associated with operating in a particular industry and include risks arising from demand changes, changes in customers choice and industry changes. Gold price fluctuation risk could arise on account of frequent changes in gold prices either up or downside momentum. It could have adverse impact on earnings. Forex risks could arise from the company being exposed to foreign currency fluctuations which could impact its rupee earnings. Diamond prices usually are not very volatile over a long period of time.

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, organizational structures, processes standards, code of conduct and behaviors govern how the company conducts the business and manages associated trade risks.

**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. The jewellery sector attracts huge competition owing to significant presence of unorganised players. In gems and jewellery industry, sluggish sales of products due to seasonal changes may affect profitability of the Company. The Gems and Jewellery sector plays a significant role in the Indian economy.

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

  The recent past has witnessed a high volatility in the foreign exchange market. However, the company has not been able to perform well during the recent past including the year under review. 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. Due to financial crunch company is not in position to avail further working capital facilities which is adversely affecting its operations.

- **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**

  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.

- **Witnessing Changing pattern in Consumer preferences**

  India is one of the leading players in the Gems and Jewellery. India exports of gems and jewellery are composed of a variety of items like cut and polished diamonds, gold and silver jewellery, gold medallions and coins, coloured gemstones, and rough diamonds etc. India is one of the largest gold jewellery exporters of the world.

- **Internal Controls**

  The company adheres to the internal control and procedures laid down in respective policies of the company.

  The system supervises its internal business processes across departments to ensure operational efficiency, cost reduction, accountability, compliance with internal policies, applicable laws and regulation, optimum resources and assets utilization and accurate reporting of financial transactions. These transactions are well authorized, recorded and reported to the management. The company follows all Indian Accounting Standard

(Ind As) for maintaining the books of accounts and reporting of financial statements. The Audit Committee of the Board of Directors, comprising of Non-Executive Independent Directors review the quarterly Internal Audit Report provided by Internal Auditor of the Company.

**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, statues 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**<br>**Chairman** | **NAVNEET GOENKA**<br>**Vice Chairman &**<br>**Managing Director** |

**Place: Mumbai**
**Date: August 14, 2019**

## Report on Corporate Governance

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

I) **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:

AI) **Board of Directors**

The Board of Directors of the company comprises of four directors; two directors namely Mr. Nandlal Goenka, Mr. Navneet Goenka are promoter and executive directors and other two directors namely Mr. Bhau Dhure and Mrs. Dhara 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 **Chairman** | C | 4 | Yes | 1 | 1 | Nil | - |
| Mr. Navneet Goenka **Vice Chairman and Managing Director** | ED | 4 | Yes | 1 | 1 | Nil | - |
| Mr. Bhau Dhure **Independent Director** | INED | 4 | Yes | Nil | 2 | 1 | - |
| Mrs. Dhara Shah **Independent Director** | INED | 4 | NA | Nil | 2 | 1 | - |

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

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 2018-19**

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 May 30, 2018, August 11, 2018, November 03, 2018 and February 14, 2019. 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.

**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. None of the Non Executive directors hold any shares and Convertible instruments in the Company.

**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

**Audit Committee**

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

**Chairman :** Mr. Bhau Dhure

**Members :** Mr. Navneet Goenka

Mrs. Dhara Shah

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.,

| Date of the Meeting | Quorum |
|---|---|
| 30.05.2018 | 2 |
| 11.08.2018 | 3 |
| 03.11.2018 | 3 |
| 11.02.2019 | 3 |

The Chairman of the Audit Committee was present at the 28th Annual General Meeting of the Company held on September 30, 2018.

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 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.

   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:

| | | |
|---|---|---|
| **Chairperson** | : | Mrs. Dhara Atul Shah |
| **Members** | : | Mr. Bhau Sanjay Dhure |
| | | Mr. Nandlal Goenka |

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 |
|---|---|
| 03.11. 2018 | 3 |

The details of the Remuneration paid to the Executive Directors for the year ended 31st March 2018 and sitting fees to the Non-Executive Independent Directors for meetings of Directors and Committees of Directors are as follows:

| Name | Designation | Remuneration for 2017-18 (in ₹) | | | | No. of shares held as on 31.03.2019 |
|---|---|---|---|---|---|---|
| | | Salary | Sitting fees | Employer contribution to provident fund | Total | |
| Mr. Nandlal Goenka | Chairman | 600000 | - | 43200 | 643200 | 5600625 |
| Mr. Navneet Goenka | Vice-Chairman & Managing Director and CFO | 480000 | - | 34560 | 514560 | 91126875 |
| Mr. Bhau Dhure | Independent, Non Executive Director | - | 81000 | - | 81000 | Nil |
| Mrs. Dhara Shah | Independent, Non Executive Director | - | 67500 | - | 67500 | 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 2018–2019, 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 comprised of 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:

**Chairman** : Mr. Bhau Sanjay Dhure

**Members** : Mrs. Dhara Atul Shah

Mr. Navneet Goenka

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.

| Date of the Meeting | Quorum |
|---|---|
| 30.05.2018 | 2 |
| 03.11.2018 | 3 |

The company secretary of the company has been appointed as the Compliance Officer of the Company for handling the investor complaints.

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

| Particulars | No. of Complaints |
|---|---|
| Complaints pending as on April 1, 2018 | NIL |
| Complaints received during the period April 1, 2018 to March 31, 2019 | 07 |
| Complaints resolved during the period April 1, 2018 to March 31, 2019 | 07 |
| Complaints outstanding as on March 31, 2019 | 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 March 31, 2019.

**GENERAL BODY MEETINGS**

**Location and time of last three Annual General Meetings:**

| Year | Location | Date | Time | Special Resolutions | Postal Ballot |
|---|---|---|---|---|---|
| 2015-2016 | Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004 | 29.09.2016 | 11:00 a.m. | - | N.A. |
| 2016-2017 | Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004 | 29.09.2017 | 11:00 a.m. | 1 | N.A. |
| 2017-2018 | Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004 | 29.09.2018 | 11:00 a.m. | 3 | 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. 35 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 2018-2019. 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 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 in FY 2016-17 and part payment was made by the company in FY 2017-18.

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

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 Certification**

A certificate as required under the SEBI LODR from Chief Executive Officer and Chief Financial Officer was placed before the Board. The certificate was signed by Chief Executive Officer as Chief Financial Officer has resigned.

**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 materials, 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, 2018 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, 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) 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.

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.

## GENERAL SHAREHOLDER INFORMATION

**a) Annual General Meeting:**

| | | |
|---|---|---|
| Date and Time | : | Friday, September 27, 2019 at 11.00 a.m. |
| Venue | : | Bungalow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004 |
| Financial year | : | 1st April 2018 to 31st March 2019 |

**b) Financial Calendar : 2019-2020 (Tentative)**

| | |
|---|---|
| Annual General Meeting – Next Year Board Meetings: | September 2019 |
| - Results for the quarter ending June 30, 2019 | Held on August 14, 2019 |
| - Results for the quarter ending September 30, 2019 | By November 14, 2019 |
| - Results for the quarter ending December 31, 2019 | By February 14, 2020 |
| - Results for the year ending March 31, 2020 | By May 30, 2020 |

c) **Dividend Payment Date** : Nil

d) **Book Closure Date** : September 24, 2019 to September 27, 2019 (both days inclusive)

e) **Cut Off Date for E-voting** : September 20, 2019 (For AGM to be held on September 27, 2019)

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 2018-2019 have been paid to all the above Stock Exchanges)

**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 (₹) | | National Stock Exchange (NSE) In (₹) | |
|---|---|---|---|---|
| | Month's High Price | Month's Low Price | Month's High Price | Month's Low Price |
| April, 2018 | 0.66 | 0.53 | 0.60 | 0.50 |
| May, 2018 | 0.57 | 0.37 | 0.55 | 0.25 |
| June, 2018 | 0.40 | 0.35 | 0.45 | 0.30 |
| July, 2018 | 0.35 | 0.28 | 0.35 | 0.20 |
| August, 2018 | 0.30 | 0.26 | 0.30 | 0.20 |
| September, 2018 | 0.30 | 0.26 | 0.30 | 0.20 |
| October, 2018 | 0.31 | 0.27 | 0.35 | 0.25 |
| November, 2018 | 0.40 | 0.31 | 0.40 | 0.30 |
| December, 2018 | 0.36 | 0.31 | 0.35 | 0.30 |
| January, 2019 | 0.38 | 0.32 | 0.40 | 0.30 |
| February, 2019 | 0.37 | 0.28 | 0.35 | 0.25 |
| March, 2019 | 0.32 | 0.28 | 0.35 | 0.25 |

**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, 2018 | 0.55 | 35160.38 | 0.50 | 10739.35 |
| May, 2018 | 0.37 | 35322.38 | 0.40 | 10736.15 |
| June, 2018 | 0.35 | 35423.48 | 0.30 | 10714.30 |
| July, 2018 | 0.29 | 37606.58 | 0.25 | 11356.50 |
| August, 2018 | 0.29 | 38645.07 | 0.25 | 11,680.50 |
| September, 2018 | 0.28 | 36227.14 | 0.25 | 10,930.45 |
| October, 2018 | 0.31 | 34442.05 | 0.35 | 10,386.60 |
| November, 2018 | 0.32 | 36194.30 | 0.35 | 10,876.75 |
| December, 2018 | 0.34 | 36068.38 | 0.30 | 10,862.55 |
| January, 2019 | 0.36 | 36256.69 | 0.35 | 10,830.95 |
| February, 2019 | 0.30 | 35867.44 | 0.30 | 10,792.50 |
| March, 2019 | 0.31 | 38672.91 | 0.30 | 11,623.90 |

j) **Registrar and Share Transfer Agents :** Karvy Fintech 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 2018-19 and no share transfer was pending as on March 31, 2019.

**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, 2019 only 12,515 Equity Shares out of 31,70,00,000 equity shares of the Company are in physical form and 31,69,88,635 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, 2019**

| Shareholding of nominal value In ₹ | Shareholders | | Share Amount | |
|---|---|---|---|---|
| | Number | % to Total Nos. | In ₹ | % to Total Amt. |
| upto 1 - 5000 | 11295 | 81.98% | 13287995 | 4.19% |
| 5001 - 10000 | 1059 | 7.69% | 8658439 | 2.73% |
| 10001 - 20000 | 636 | 4.62% | 9716720 | 3.07% |
| 20001 - 30000 | 241 | 1.75% | 6059499 | 1.91% |
| 30001 - 40000 | 97 | 0.70% | 3463391 | 1.09% |
| 40001 - 50000 | 100 | 0.73% | 4708559 | 1.49% |
| 50001 - 100000 | 179 | 1.30% | 13548029 | 4.27% |
| 100001 & ABOVE | 170 | 1.23% | 257557368 | 81.25% |
| **TOTAL** | **13777** | **100.00%** | **317000000** | **100.00%** |

**n) Shareholding Pattern as on March 31, 2018**

| Category of Shareholders | Holding % |
|---|---|
| Promoters / Directors/Relatives – Indian | 57.55 |
| International Investors (FIIs/NRIs/OCBs) | 0.58 |
| Bodies Corporate | 5.13 |
| Resident Indians | 32.59 |
| Others | 4.15 |
| **Total** | **100.00** |

| | | | |
|---|---|---|---|
| o) | **Address for Investors Correspondence**<br>(For transfer/dematerialisation of Shares and any other query) | : | Karvy Fintech Pvt. Ltd<br>(Unit Goenka Diamond and Jewels Ltd.)<br>Karvy Selenium, Tower- B, Plot No 31 & 32,<br>Financial district,<br>Hyderabad, 500032<br>Tel.: 040 67161700<br>Fax: 040 67161680<br>Website : www.karvy.com |
| p) | **Email Id for investors correspondence** | : | cs@goenkadiamonds.com |
| q) | **Any query on Annual Report** | | Ms. Nidhi Kanoongo<br>Company Secretary<br>Goenka Diamond & Jewels Limited<br>1305, Panchratna, Opera House,<br>Mumbai – 400004<br>Tel.: + 91 22 43667000<br>Fax: + 91 22 43669000<br>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 2018-2019.

**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 14, 2019

**Nandlal Goenka**
**Chairman**
**DIN No. 00125281**

**FORM NO. MGT 9**
**EXTRACT OF ANNUAL RETURN**
**As on financial year ended on March 31, 2019**
**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:

| | |
|---|---|
| CIN | L36911RJ1990PLC005651 |
| Registration Date | November 05, 1990 |
| Name of the Company | Goenka Diamond And Jewels Limited |
| Category/Sub-category of the Company | Company Limited by Shares / Indian Non-Government Company |
| Address of the Registered office & | 401, Panchratana, Moti Singh Bhomiyon Ka Rasta, Johari Bazar, |
| contact details | Jaipur – 302004 (Phone No. : 0141 – 2574175) |
| Whether listed company | Yes |
| Name, Address & contact details of the | Karvy Fintech Pvt. Ltd. |
| Registrar & Transfer Agent, if any. | Karvy Selenium, Tower B,<br>Plot No. 31 & 32, Gachibowli,<br>Financial District<br>Hyderabad- 500 032<br>Tel.: 040 67161700<br>Fax: 040 67161680<br>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) |

## 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 end of the year[As on 31-March-2018] | | | | No. of Shares held at the end of the year[As on 31-March-2019] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter s** | | | | | | | | | |
| (1) **Indian** | | | | | | | | | |
| a) Individual/ HUF | 182,429,250 | - | 182,429,250 | 57.55% | 182,429,250 | - | 182,429,250 | 57.55% | 0.00% |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A)** | **182,429,250** | **-** | **182,429,250** | **57.55%** | **182,429,250** | **-** | **182,429,250** | **57.55%** | **0.00%** |
| **B. Public Shareholding** | | - | | | | - | | | |
| 1. Institutions | | - | | | | - | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | 12,941,023 | - | 12,941,023 | 4.08% | 12,941,023 | - | 12,941,023 | 4.08% | 0.00% |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | | - | | - | | - | | - | - |
| i) Others (specify) - IEPF | 555 | - | 555 | 0.00% | 2,859 | - | 2,859 | 0.00% | 0.00% |
| **Sub-total (B)(1):-** | **12,941,578** | **-** | **12,941,578** | **4.08%** | **12,943,882** | **-** | **12,943,882** | **4.08%** | **0.00%** |
| **2. Non-Institutions** | | - | | | | - | | | |
| a) Bodies Corp. | 18,475,150 | - | 18,475,150 | 5.83% | 16,253,933 | - | 16,253,933 | 5.13% | 0.70% |
| i) Indian | | | | - | | | | - | - |
| ii) Overseas | | | | - | | | | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal | | | | | | | | | |
| share capital upto ₹ 2 lakhs | 61,133,340 | 11,365 | 61,144,705 | 19.29% | 64,506,042 | 12,515 | 64,518,557 | 20.35% | -1.06% |
| ii) Individual shareholders holding nominal | | | | | | | | | |
| share capital in excess of Rs 2 lakhs | 39,536,965 | - | 39,536,965 | 12.47% | 38,795,813 | - | 38,795,813 | 12.24% | 0.23% |
| c) Others (specify) | | - | | - | | - | | - | - |
| Non Resident Indians | 2,278,194 | - | 2,278,194 | 0.72% | 1,845,580 | - | 1,845,580 | 0.58% | 0.14% |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | 154,780 | - | 154,780 | 0.05% | 192,485 | - | 192,485 | 0.06% | -0.01% |
| Trusts | 500 | - | 500 | 0.00% | 500 | - | 500 | 0.00% | 0.00% |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| NBFC | 38,878 | - | 38,878 | 0.01% | 20,000 | - | 20,000 | 0.01% | 0.01% |
| **Sub-total (B)(2):-** | **121,617,307** | **11,865** | **121,629,172** | **38.37%** | **121,614,353** | **12,515** | **121,626,868** | **38.37%** | **0.00%** |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | **134,558,885** | **11,865** | **134,570,750** | **42.45%** | **134,558,235** | **12,515** | **134,570,750** | **42.45%** | **0.00%** |
| **C. Shares held by Custodian for GDRs** | | | | | | | | | |
| **& ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **316,988,135** | **11,865** | **317,000,000** | **100.00%** | **316,987,485** | **12,515** | **317,000,000** | **100.00%** | **0.00%** |

**B) Shareholding of Promoters-**

| SN | Shareholder's Name | Shareholding at the beginning of the year (April 01, 2018) | | | Shareholding at the end of the year (March 31, 2019) | | | % 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 | 91126875 | 28.75% | 0.00 | 91126875 | 28.75% | 0.00 | 0.00 |
| 2 | #NIRMALA NANDLAL GOENKA | 51326250 | 16.19% | 0.00 | 51326250 | 16.19% | 0.00 | 0.00 |
| 3 | NAND LAL GOENKA HUF | 34200000 | 10.79% | 0.00 | 34200000 | 10.79% | 0.00 | 0.00 |
| 4 | NANDLAL SHUBHKARAN GOENKA | 5600625 | 1.77% | 0.00 | 5600625 | 1.77% | 0.00 | 0.00 |
| 5 | DHRITI SINGHVI | 138000 | 0.04% | 0.00 | 138000 | 0.04% | 0.00 | 0.00 |
| 6 | NAMITA JAIN | 18750 | 0.01% | 0.00 | 18750 | 0.01% | 0.00 | 0 |
| 7 | NEETA SARAF | 18750 | 0.01% | 0.00 | 18750 | 0.01% | 0.00 | 0 |
| | Total | 182429250 | 57.55% | 0.00 | 182429250 | 57.55% | 0.00 | 0.00 |

# 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 |
| | At the beginning of the year | 182429250 | 57.55% | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | | | NIL | NIL | 182429250 | 57.55% |
| | At the end of the year | | | | | 182429250 | 57.55% |

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, 2018) | | Shareholding at the End of the year (March 31, 2019) | |
|---|---|---|---|---|
| | No. of shares | % of Equity Capital | No. of shares | % of Equity Capital |
| PUNJAB NATIONAL BANK $ | 6897119 | 2.18% | 6897119 | 2.18% |
| GENERAL INSURANCE CORPORATION OF INDIA $ | 5993904 | 1.89% | 5993904 | 1.89% |
| HETAL VINESH PATEL # | 3000000 | 0.95% | NIL | 0.00% |
| SALMAN KHAN $ | 2900000 | 0.91% | 2885483 | 0.91% |
| ANKIT JAIN $ | 2754820 | 0.87% | 2754820 | 0.87% |
| A. JAIN & CO. PVT LTD $ | 2500000 | 0.79% | 2500000 | 0.79% |
| B SUMANTHKUMAR REDDY $ | 2294447 | 0.72% | 2294447 | 0.72% |
| RITU JAIN $ | 2284612 | 0.72% | 2284612 | 0.72% |
| NAYANI HARITHA $ | 1950136 | 0.62% | 1950136 | 0.62% |
| TRACK HOLDINGS PRIVATE LIMITED $ | 1696260 | 0.54% | 1696260 | 0.54% |
| DECENT FINANCIAL SERVICES PVT LTD @ | NIL | 0.00% | 1422660 | 0.45% |

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, 2018 and March 31, 2019.
3. # denotes shareholders who were in top 10 shareholders as on April 1, 2018, but not as on March 31, 2019.
4. @ denotes shareholders who were in top 10 shareholders as on March 31, 2019, but not as on April 1, 2018.

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, 2018) | | Cumulative Shareholding during the Year (2018-19) | |
|---|---|---|---|---|---|
| | | 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, 2018) | 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, 2019) | | | | |

**Annexure I**

| SN | Shareholder's Name | Shareholding at the beginning of the year (April 01, 2018) | | Cumulative Shareholding during the Year (2018-19) | | Change in % |
|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company | |
| 1 | NAVNEET GOENKA | 91126875 | 28.75 | 91126875 | 28.75 | NIL |
| 2 | NANDLAL SHUBHKARAN GOENKA | 5600625 | 1.77 | 5600625 | 1.77 | 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 | NAMITA JAIN | 18750 | 0.01% | 18750 | 0.01% | NIL |
| 7 | 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.

V) **INDEBTEDNESS -**Indebtedness of the Company including interest outstanding/accrued but not due for payment.

*(₹ In Lakh)*

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial** | | | | |
| **year** | | | | |
| i) Principal Amount | 17026.83 | - | - | 17026.83 |
| ii) Interest due but not paid | 530.79 | - | - | 530.79 |
| iii) Interest accrued but not due | 0.00 | - | - | 0.00 |
| **Total (i+ii+iii)** | 17557.62 | - | - | 17557.62 |
| **Change in Indebtedness during the financial** | | | | |
| **year** | | | | |
| *** Addition** | 0.00 | - | - | 0.00 |
| *** Reduction** | 0.00 | - | - | 0.00 |
| **Net Change** | 0.00 | - | - | 0.00 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 17026.83 | - | - | 17026.83 |
| ii) Interest due but not paid | 530.79 | - | - | 530.79 |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i+ii+iii)** | 17557.62 | - | - | 17557.62 |

## 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 | 0 | 0 | 0 |
| 2 | Stock Option | NIL | NIL | NIL |
| 3 | Sweat Equity | NIL | NIL | NIL |
| 4 | Commission<br>- as % of profit<br>- others, specify… | NIL | NIL | NIL |
| 5 | Others, please specify | NIL | NIL | NIL |
| | Total (A) | 6.43 | 5.15 | 11.58 |
| | Ceiling as per the Act | The ceiling is ₹ 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 | **Independent Directors** | | | | |
| | Mr. Bhau Sanjay Dhure | 0.810 | - | - | 0.810 |
| | Ms. Dhara Atul Shah | 0.675 | - | - | 0.675 |
| | Total (1) | 1.485 | - | - | 1.485 |
| 2 | Other Non-Executive Directors | Not Applicable | | | |
| | Fee for attending board committee meetings | | | | |
| | Commission | | | | |
| | Others, please specify | | | | |
| | Total (2) | | | | |
| | Total (B)=(1+2) | 1.485 | - | - | 1.485 |
| | 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**

(₹ In Lakh)

| SN | Particulars of Remuneration | Key Managerial Personnel Nidhi Kanoongo (Company Secretary) |
|---|---|---|
| 1 | Gross salary | 4.20 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 4.20 |
| | (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 | - |
| | **Total** | 4.20 |

**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.

## 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, 2019.

**For Goenka Diamond and Jewels Limited**

**Nandlal Goenka**
**Chairman and Acting CEO**

Place: Mumbai
Date: May 29, 2019

## 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, 2019, 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.

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 14, 2019

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

***(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)***

**To,**

**The Members of**
**GOENKA DIMAOND AND JEWELS LIMITED**
**401, PANCHARTNA, MSB KA RASTA,**
**JOHARI BAZAR,**
**JAIPUR - 302 003**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of GOENKA DIAMOND AND JEWELS LIMITED having CIN L36911RJ1990PLC005651 and having registered office at 401, PANCHRATNA, MOTI SINGHBHOMIYON KA RASTA, JOHARI BAZAR, JAIPUR – 302 003 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority for the Financial Year ending on 31$^{st}$ March, 2019.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate 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)**

**Vishal N. Manseta**
**Membership No.: A25183**
**CP No.: 8981**

Place : Mumbai
Date : August 14, 2019

## CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

I, Nandlal Goenka, Chairman & an acting CEO of Goenka Diamond & Jewels limited (“the Company”), certify that:

a) I have reviewed the financial statements and cash flow statement for the year ended March 31, 2019 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 my knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2019 are fraudulent, illegal or violative of the Company’s Code of Conduct.

c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I 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 I am aware and the steps I have taken or proposed to taken to rectify these deficiencies.

d) I 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 I am 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 & AN ACTING CEO**

Place: Mumbai
Date: May 29, 2019

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Goenka Diamond and Jewels Limited**

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

**Disclaimer of Opinion**

We were engaged to audit the accompanying standalone Ind AS Financial statements of Goenka Diamond and Jewels Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019 and the Statement of Profit and Loss (including other comprehensive Income), Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying standalone Ind AS financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this standalone Ind AS Financial Statements

**Basis for Disclaimer of Opinion**

(a) *Refer Note 9(b), 19(b), 5(a) and 12(a) of the standalone Ind AS financial statements wherein, 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 ₹ 69,806.99 lacs*

ii. *Trade payables and other payable amounting to ₹ 29,717.66 lacs*

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

*The company has not provided for cumulative exchange gain (net) on the above items amounting to ₹ 4,007.63 lacs including exchange gain amounting to ₹ 2,919.62 Lacs pertaining to year ended March 31, 2019. Accordingly, exchange gain for the year is understated by ₹ 2,919.62 Lacs. The Company has not recognized deferred tax asset amounting to ₹ 329.74 lacs on the cumulative exchange gain (net) including deferred tax credit for the year ended March 31, 2019 amounting to ₹ 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. Refer Note 20(D)(2) of standalone Ind AS financial statement wherein its stated that 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 ₹ 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to ₹ 3,644.35 Lacs pertaining to the year ended March 31, 2019. Accordingly, finance cost for the year is understated by ₹ 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 after tax for the year would have been decreased by ₹ 34.37 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by ₹ 5498.66 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by ₹ 12011.88 Lacs, Loan to a Subsidiary shown under Non-Current Financial Assets is understated by ₹ 84.42 Lacs, Deferred Tax assets are understated by ₹ 329.74 Lacs and other Current Financial Assets are understated by ₹ 36.26 Lacs as at March 31, 2019.*

(c) *We draw attention to Note No. 20(D)(2) and 20(D)(3) of standalone Ind-AS financial statements 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 ₹ 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) *Refer Note No. 9(a) of standalone Ind AS financial statements regarding non-provision of the expected credit loss/ impairment relating to overdue Trade Receivables of ₹ 69,877.78 Lacs 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) Refer Note No. 5(b) and 40(c) of standalone Ind AS financial statements regarding non-provision of the expected credit loss/ impairment on loan to a subsidiary amounting to ₹ 1782.08 Lacs (including accrued interest) and investment in an entity by way of Optionally Convertible Debentures amounting to ₹ 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) Refer Note No. 40(b) regarding investment of ₹ 2.03 lacs and advance of ₹59.78 lacs to subsidiary namely M.B. Diamonds LLC and investment of ₹ 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 ₹ 24.61 lacs (debit balances) and ₹ 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.*

*(i) 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, outcome of pending legal action initiated against debtors, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein, 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.. 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.*

*Because of the significance of the matters described above 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 multiple uncertainties and their possible cumulative effect on the financial statements. Accordingly, we do not express an opinion on the financial statements.*

***Responsibilities of Management for the Standalone Ind AS 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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.*

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and the 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind-AS financial statements.

We are independent of the Company in accordance with the Code of Ethics and provisions of the Companies Act, 2013 that are relevant to our audit of the standalone Ind-AS financial statements in India under the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Companies act, 2013

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   a. 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 purpose of our audit;

   b. Due to possible effects of the matters as described in the Basis of Disclaimer of Opinion 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity 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 Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid standalone Ind-AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Indian Accounting Standards) Rules, 2015, as amended;

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

   f. The matters described in Basis of Disclaimer of opinion 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.

   g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act (as amended), in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act;.

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, as amended, 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 Ind AS financial statements – Refer Note 40 to the Ind AS financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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

**Akhil Jain**
**Partner**
Membership No.137970

Place: Mumbai
Date: May 29, 2019

## 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 lakhs (Net block as at year-end ₹ 3.54 lakhs) 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 (In Lakhs) | Period to which the amount relates | Due Date | Date of Payment |
|---|---|---|---|---|---|
| Income Tax Act 1961 | TDS | 6.38 | 01/04/2018 to 31/08/2018 | 07th of Next Month | Not Yet paid |
| Employee Provident Fund Organization | Provident Fund | 9.85 | 01/04/2018 to 31/08/2018 | 21st day of next month | Not Yet paid |
| Maharashtra/ Surat Labour welfare Fund | MLWF/ GLWF | 0.005 | 01/04/2018 to 31/08/2018 | 05th of Next Month | Not Yet paid |
| Employee State Insurance Corporation | E.S.I.C. | 1.76 | 01/04/2018 to 31/08/2018 | 15th day of next month | Not Yet paid |
| Department of Sales Tax, Maharashtra | Profession Tax | 0.26 | 01/04/2018 to 31/08/2018 | 21st day of next month | Not Yet paid |
| Maharashtra Value Added Tax Act, 2002 | VAT | 4.25 | 01/04/2018 to 31/08/2018 | 21st day of next month | Not Yet paid |
| Goods & Services Tax Act,2017 | GST | 9.09 | 01/07/2018 to 31/08/2018 | 20th day of next month | Not Yet paid |
| Income Tax Act 1961 | Income Tax | 203.07 (excluding Interest)<br>53.87 (excluding Interest) | Financial Year 2012-13<br>Financial Year 2012-2013 | March 31, 2013<br>14th Oct 2013 | Not Yet paid<br>Not Yet paid |
| Central Excise and Customs Act | Service Tax | 1.40 | FY 2008-2009<br>FY 2011-2012 | Commissioner of Central Excise has decided appeal in favour of the Company | 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 (In lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 0.98<br>834.19<br>528.29<br>40.46<br>1893.70<br>40.65<br>1503.55<br>60.49<br>86.84 | AY 2004-2005<br>AY 2008-2009<br>AY 2009-2010<br>AY 2010-2011<br>AY 2010-2011<br>AY 2011-2012<br>AY 2012-2013<br>AY 2013-2014<br>AY 2014-2015 | CIT Appeal - Mumbai<br>ITAT Appeal, Mumbai<br>ITAT Appeal - Mumbai<br>ITAT Appeal – Mumbai<br>ITAT Appeal – Mumbai<br>ITAT Appeal – Mumbai<br>ITAT Appeal – Mumbai<br>ITAT Appeal – Mumbai<br>CIT Appeal - Mumbai |
| Punjab Value Added Tax | VAT | 31.83 | 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 | Facility | Date of Default | Amount | Date of default ended |
|---|---|---|---|---|
| Central Bank of India | Post & Pre Shipment Loans | Jan 2014 | 1,032.78 | Continuing |
| Corporation Bank | Post & Pre Shipment Loans and Term Loan | April 21, 2016 | 2,284.80 | Continuing |
| Punjab National Bank | Post & Pre Shipment Loans and Term Loan | March 31, 2016 | 4,493.31 | Continuing |
| Punjab & Sind Bank | Post & Pre Shipment Loans | June 30, 2014 | 3,141.25 | Continuing |
| State Bank of India | Post Shipment Loans | March 21, 2016 | 884.85 | Continuing |
| AXIS Bank | Post & Pre Shipment Loans and Term Loan | July 31, 2016 | 2,089.86 | Continuing |
| UCO Bank | Alchemist ARC Ltd | April 4, 2016 | 1,002.40 | Continuing |
| Karnataka Bank | Alchemist ARC Ltd | June 29, 2016 | 758.82 | Continuing |
| Axis Bank Ltd | Overdrawn Balances in Bank Current Account | July 31, 2016 | 1,362.64 | Continuing |
| Corporation Bank | Overdrawn Balances in Bank Current Account | April 21, 2016 | 15.31 | Continuing |
| Punjab National Bank | Overdrawn Balances in Bank Current Account | March 31, 2016 | 2.84 | Continuing |
| Punjab Sindh Bank | Overdrawn Balances in Bank Current Account | June 30, 2014 | 1,090.84 | Continuing |

The amount of Date of default shown is the date NPA

# 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. The above defaults does not includes defaults of payment of interests amounting to ₹ 10400.16 lakhs as calculated by the management @17 % (approx) on working capital borrowing availed by the Company, as the company is not accounting for any interest from April 1, 2016 even though the banks have either charged interest but subsequently reversed or have not charged interest. Consequently, we are unable to quantify and give period wise details of the defaults in interest. However, under the head "Other Current Financial Liabilities" (Note No. 20) amounts of ₹ 530.79 lakhs and ₹ 2471.64 lakhs 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.

Loan facilities recalled by banks include ₹ 9770.13 lakhs being outstanding of few banks and ARC for which neither bank statement nor confirmations of balance were received,

(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 Ummed Jain & Co.**
**Chartered Accountants**
**ICAI Firm Reg. No.119250W**

**Akhil Jain**
**Partner**
**Membership No.137970**

Place: Mumbai
Date: May 29, 2019

## 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, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, 2019: -

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, 2019, 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.

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

**Akhil Jain**
**Partner**
**Membership No.137970**

Place: Mumbai
Date: May 29, 2019

## Standalone Balance Sheet as at March 31,2019

**Amount in Lakhs Except Share Data**

| Particulars | Note No | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|---|
| **I ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3 | 803.47 | 853.38 |
| (b) Financial Assets | | | |
| (i) Investments | 4 | 448.76 | 448.76 |
| (ii) Loans | 5 | 1,249.95 | 1,249.95 |
| (iii) Others financial assets | 6 | 141.75 | 86.38 |
| (c) Deferred tax assets (Net) | 7 | 58.04 | 71.66 |
| **2 Current assets** | | | |
| (a) Inventories | 8 | 2,529.69 | 2,686.41 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 9 | 70,358.62 | 69,877.78 |
| (ii) Cash and cash equivalents | 10 | 43.80 | 43.70 |
| (iii) Bank Balance other than cash and cash equivalent | 11 | 0.10 | 0.65 |
| (iv) Others financial assets | 12 | 641.14 | 527.31 |
| (c) Other current assets | 13 | 40.80 | 42.54 |
| **Total Assets** | | **76,316.12** | **75,888.52** |
| **II EQUITY AND LIABILITIES** | | | |
| **1 Equity** | | | |
| (a) Equity Share capital | 14 | 3,170.00 | 3,170.00 |
| (b) Other Equity | 15 | 22,975.25 | 23,049.59 |
| **2 Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 16 | - | - |
| (b) Provisions | 17 | 8.13 | 45.69 |
| **3 Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18 | - | - |
| (ii) Trade payables | 19 | | |
| A. Dues to micro and small enterprise | | - | - |
| B. Dues other than micro and small enterprise | | 30,251.19 | 29,787.26 |
| (iii) Other financial liabilities | 20 | 19,376.14 | 19,310.79 |
| (b) Other current liabilities | 21 | 118.75 | 116.36 |
| (c) Provisions | 22 | 3.56 | 38.56 |
| (d) Current Tax Liabilities (Net) | 23 | 413.10 | 370.29 |
| **Total Equity and Liabilities** | | **76,316.12** | **75,888.52** |
| **Significant Accounting Policies** | **1&2** | | |
| **Other Notes to Financial Statements** | **31 to 43** | | |

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## Standalone Statement of Profit and Loss For The Year Ended March 31, 2019

**Amount in Lakhs Except Share Data**

| | Particulars | Note No. | Year ended March 31 2019 | Year ended March 31 2018 |
|---|---|---|---|---|
| I | Revenue From Operations | 24 | 651.72 | 646.25 |
| II | Other Income | 25 | 157.17 | 146.70 |
| **III** | **Total Income (I+II)** | | **808.89** | **792.96** |
| **IV** | **EXPENSES** | | | |
| | Cost of Material Consumed | 26 | 505.95 | 330.20 |
| | Changes in inventories of finished goods, stock-in trade and WIP | 27 | 105.18 | 368.35 |
| | Employee benefits expense | 28 | 69.36 | 85.46 |
| | Finance costs | 29 | 59.95 | 58.65 |
| | Depreciation and amortization expense | 3 | 49.92 | 63.15 |
| | Other expenses | 30 | 80.16 | 139.77 |
| | **Total Expenses (IV)** | | **870.52** | **1,045.58** |
| **V** | **Profit/(loss) before tax (III- IV)** | | **(61.63)** | **(252.63)** |
| **VI** | **Tax expense:** | 33 | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | 13.37 | (3.88) |
| **VII** | **Profit/(Loss) for the period (V-VI)** | | **(75.00)** | **(248.74)** |
| **VIII** | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss<br>(a) Remeasurement of defined benefit obligation | 32 | 0.92 | 1.33 |
| | (ii) Income tax relating to above | | (0.24) | (0.35) |
| | (iii) Items that will be reclassified to profit or loss | | - | - |
| | (iv) Income tax relating to above | | - | - |
| | **Total other comprehensve income** | | **0.68** | **0.98** |
| **IX** | **Total Comprehensive Income for the period (Comprising Profit/ (Loss) and Other Comprehensive Income for the period) [VII+VIII]** | | **(74.32)** | **(247.76)** |
| X | Earnings per equity share (face value ₹ 1/- Per Share) | **37** | | |
| | Basic | | (0.02) | (0.08) |
| | Diluted | | (0.02) | (0.08) |
| | **Significant Accounting Policies** | **1 & 2** | | |
| | **Other Notes on Financial Statements** | **31 to 43** | | |

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## Standalone Cash Flow Statement For The Year Ended March 31, 2019

**Amount in Lakhs Except Share Data**

| Particulars | | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net profit before tax | (61.63) | (252.63) |
| | **Adjustment for:** | | |
| | Depreciation | 49.92 | 63.15 |
| | Gratuity & Leave Liabilities (OCI) | 0.92 | 1.33 |
| | Finance Charges Paid | 59.95 | 58.65 |
| | Interest Income | (154.85) | (142.95) |
| | **Operating Profit before Working Capital Changes** | **(105.70)** | **(272.45)** |
| | **Adjustment for** | | |
| | Trade and other receivables(financial and non financial)* | (494.14) | (133.65) |
| | Inventories | 156.72 | 698.56 |
| | Trade payable | 463.93 | (557.71) |
| | Other liabilities and provison (financial and non financial) | (21.96) | 125.13 |
| | **Cash generated from operations** | **(1.14)** | **(140.12)** |
| | Income Tax Paid (Net) | - | (5.96) |
| | **Net cash from Operating Activities** | **(1.14)** | **(146.08)** |
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Interest Income | | 147.13 |
| | Bank deposits matured during the year | 0.55 | - |
| | **Net cash from investing activities** | **0.55** | **147.13** |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Proceed from Borrowings | | |
| | **Net cash from financing activities** | **-** | - |
| | Net increase in Cash and Cash equivalent (A+B+C) | (0.59) | 1.05 |
| | Cash and Cash equivalent in the Opening balance | 6.26 | 5.21 |
| | **Cash and Cash equivalent in the Closing balance** | **5.67** | **6.26** |

## Standalone Cash Flow Statement For The Year Ended March 31, 2019

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Note :** | | |
| **Reconciliation of componenet of cash and cash equivalent:** | | |
| **Closing Cash and Cash Equivalents as per books** | | |
| Cash & Cash Equivalents ( Refer Note No. 10) | 5.67 | 6.26 |
| **Cash and Cash equivalent as per statement of cash flows** | **5.67** | **6.26** |
| Cash in hand | 5.67 | 6.26 |
| Current Accounts* | - | - |
| **Total** | **5.67** | **6.26** |

* Balances in current accounts is attached with Income Tax Department.

**Notes:**

1 The Statement of cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of cash flows notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

2 The Company does not have any cash flow from financing activities. Hence, the disclosure showing movement of cash flows from financing activities is not required.

**As per our attached report of even date**
**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**
**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## Standalone Statement of Changes In Equity March 31, 2019

**A. Equity Share Capital**

| Particulars | Amount in Lakhs |
|---|---|
| **Balance as at April 1, 2017** | **3,170.00** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2018** | **3,170.00** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2019** | **3,170.00** |

**B. Other Equity**

**Amount in Lakhs Except Share Data**

| Particulars | Reserves and Surplus | | | Other Comprhensive Income | Total |
|---|---|---|---|---|---|
| | Securities Premium Rserve | General Reserve | Retained Earnings | Remeasurement of Defined benefit obligation | |
| **Balance as at April 1,2017** | **10,885.07** | **99.08** | **12,311.95** | **1.24** | **23,297.35** |
| Profit for the year | - | - | (248.74) | - | (248.74) |
| Other Comprehensive Income (Net of Tax) | - | - | - | 0.98 | 0.98 |
| **Balance as at March 31, 2018** | **10,885.07** | **99.08** | **12,063.21** | **2.23** | **23,049.59** |
| Profits for the year | - | - | (75.00) | - | (75.00) |
| Other Comprehensive Income (Net of Tax) | - | - | - | 0.68 | 0.68 |
| **Balance as at March 31, 2019** | **10,885.07** | **99.08** | **11,988.20** | **2.91** | **22,975.25** |

**As per our attached report of even date**
**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**
**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Note: - 1**

**Corporate Information**

Goenka Diamond and Jewels Limited ("the Company") is a public limited company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of trading and manufacturing of diamond and gold jewellery. The Company is listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The financial statement has been approved by the Board of Directors as on 29th May, 2019.

**Notes: - 2**

**I. Basis of preparation and presentation**

*Statement of Compliance:* The Standalone Ind AS Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended time to time and accounting principles generally accepted in India.

The Standalone Ind AS Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading, or

c) Expected to be realised within twelve months after the reporting period other than for (a ) above, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period other than for (a ) above, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

*Fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Standalone Ind AS Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurement are categorized into level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

**II. Summary of significant accounting policies:**

**A. Property, plant and equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using written down value method as per the useful life prescribed in Schedule II to 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.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**B. Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

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

**C. Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### D. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As lessor -**

Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Receivables from finance leases, in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method.

**As Lessee -**

Leases in which the Company is the lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other short-term and other non-current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease term.

Leases in which the Company is the lessee and in which substantially all risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

In case of changes in the provisions of the lease resulting in different classification, the revised agreement is regarded as a new agreement over its term. Gain / loss, if any, resulting from the reclassification is charged to the Statement of Profit and Loss.

### E. Inventories

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

### F. Revenue recognition

**IND AS 115: Revenue from contract with customers**

The Company earns revenue primarily from sale of gold and diamond jewellery.

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers.The five steps in the model are as follows:

- Identify the contract with the customer;

- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Company has adopted Ind AS 115 using the cumulative effect method. In this method this standard is applied to contracts that are not completed on as at the date of initial application (i.e. April 01, 2018) and the comparative information in the statement of profit and loss is not restated.

There is no impact on the standalone Ind AS financial statement of the Company on initial application of this standard.

Revenue is recognised upon transfer of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products. In case of sale of gold and diamond jewellery, the revenue is recognised on transfer of control of promised goods to customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Company does not have any significant impact on revenue due to application of this standard.

**Use of significant judgements in revenue recognition :**

- The Company's contracts with customers could include promises to transfer multiple products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such products, transfer of significant risks and rewards to the customer etc.

  The company does not have any unsatisfied performance obligation as at the year end.

  **Interest income**

  Interest income is recognised on a time proportion basis following effective interest rate method.

  **Dividend income**

  Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**G. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of the borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

**H. Employee benefits**

**Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the Statement of profit and loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**I. Foreign currencies**

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

**J. Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial asset primarily comprise of investments, loans and advances, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade and other payables.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

**I. Financial assets**

**a) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**b) Investments in subsidiaries and associates**

Investment in subsidiaries and associates are accounted at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Profit and Loss.

**c) Classification of financial assets**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

1. Financial assets at amortised cost
2. Financial assets at fair value

Where assets are measured at fair value, gains and losses are either recognized in the statement of profit and loss (i.e. fair value through profit and loss) (FVTPL), or recognized in other comprehensive income (i.e. fair value through other comprehensive income) (FVTOCI)

**Financial asset at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The Company has recognized its financial assets at amortised cost.

**d) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in the Statement of Profit and Loss and is included in the ‘Other income’ line item.

**e) De-recognition of financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

**f) Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

**II. Financial liabilities and equity instruments**

**a) Classification as debt or equity**

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c) Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

**<u>Financial liabilities at FVTPL:</u>**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other Income' line item in the Statement of Profit and Loss.

**Other financial liabilities:**

Other financial liabilities (including borrowings and trade and other payables) that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities:**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit or Loss.

**K. Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

**Current tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Ind AS Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward as per tax laws. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The company has not recognised deferred tax assets on unabsorbed depreciation and carried forward of losses due to lack of reasonable certainty that future taxable income will be there against which such deferred tax assets can be set off,

**Current and deferred tax for the period**

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**L. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

**M. Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**III. Key sources of estimation uncertainty and critical accounting judgements**

The preparation of the Standalone Ind AS Financial Statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the Standalone Ind AS Financial Statements and/or key sources of estimation uncertainty that may havea significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**i) Going Concern**

The management at each close makes an assessment of the Company's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverable amount and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the Standalone Ind AS Financial Statements is based on the Company's assessment that the Company will continue as a going concern.

**ii) Useful lives of property, plant and equipment and intangible assets**

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

**iii) Impairment of non-financial assets**

The management performs annual impairment tests on cash generating units and capital work-in-progress for which there are indicators that the carrying amount might be higher than the recoverable amount. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

**iv) Income Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**v) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 32.

**vi) Recoverability of financial assets**

Assessment of recoverability of trade receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. See Note 9 for further disclosures on impairment of trade receivables.

**IV. Standards issued but not yet effective and have not been adopted early by the Company**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from April 1, 2019:

**Ind AS 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

The Company is in the process of assessing IND AS 116's full impact and intends to adopt Ind AS 116 no earlier than the accounting period beginning on or after 01 April 2019

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any such kind of instruments.

**Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

# NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENT

**3 Property, Plant and Equipment**

**Amount in Lakhs Except Share Data**

| Gross carrying amount | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2017** | **27.36** | **668.41** | **680.14** | **153.30** | **22.87** | **16.96** | **112.80** | **61.52** | **73.38** | **146.14** | **1,962.88** |
| Additions | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| **At 31 March 2018** | **27.36** | **668.41** | **680.14** | **153.30** | **22.87** | **16.96** | **112.80** | **61.52** | **73.38** | **146.14** | **1,962.88** |
| Additions | - | | | | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - |
| **At 31 March 2019** | **27.36** | **668.41** | **680.14** | **153.30** | **22.87** | **16.96** | **112.80** | **61.52** | **73.38** | **146.14** | **1,962.88** |

**Amount in Lakhs Except Share Data**

| Depreciation and impairment | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2017** | **20.52** | **111.40** | **383.85** | **113.97** | **20.13** | **14.96** | **107.40** | **58.25** | **69.72** | **146.14** | **1,046.35** |
| Depreciation expense | 1.82 | 22.28 | 20.07 | 17.19 | 0.93 | 0.65 | - | 0.21 | - | - | 63.15 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | - | | - | - | - | - | - | - | - |
| **At 31 March 2018** | **22.34** | **133.68** | **403.92** | **131.16** | **21.06** | **15.61** | **107.40** | **58.47** | **69.72** | **146.14** | **1,109.50** |
| Depreciation expense | 1.82 | 22.28 | 18.57 | 6.20 | 0.60 | 0.44 | - | - | - | - | 49.92 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | - | - | - | - | - | - | - | - | - |
| **At 31 March 2019** | **24.17** | **155.96** | **422.49** | **137.36** | **21.66** | **16.04** | **107.40** | **58.47** | **69.72** | **146.14** | **1,159.42** |

**Amount in Lakhs Except Share Data**

| Net Carrying Amount | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 31 March 2019** | 3.19 | 512.45 | 257.66 | 15.94 | 1.21 | 0.92 | 5.40 | 3.05 | 3.66 | - | **803.47** |
| **At 31 March 2018** | 5.02 | 534.73 | 276.22 | 22.14 | 1.81 | 1.35 | 5.40 | 3.05 | 3.66 | - | **853.38** |

Notes

1 Building includes Flat at Jaipur which is not yet registered in the name of the company.

2 Building includes 5 No. shares held in Mount Unique CHS.

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 4 Non current financial asset- Investment

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investment (Unquoted)** | | |
| 1 **Investment in Equity Instruments** | | |
| **Investment in Subsidiary (Fully Paid up) (at cost)** | | |
| a. 9500 Share being 95% of the issued Capital of M/s. M.B. Diamonds LLC | 2.03 | 2.03 |
| b. 50 share being 100% of the issued Capital of M/s. Goenka Diamond & Jewels DMCC | 7.44 | 7.44 |
| 2 **Investment in Partnership Firm (at cost)** | | |
| Solitaire Diamonds Exports | 10.00 | 10.00 |
| 3 **Investment in Optionally Convertible Debenture** | | |
| **At amortised cost** | | |
| 4.90 Lakhs 12% optionally convertible debentures of Gem Gold Mining Pvt. Ltd. | 429.29 | 429.29 |
| **Total** | **448.76** | **448.76** |

**a. Details of Investment in Partnership Firm**

| Name of the Partners | Share (%) | Capital |
|---|---|---|
| M/s Goenka Diamond & Jewels Ltd | 99.00 | 10.00 |
| Mr. Arjunlal Sharma | 1.00 | 0.10 |
| **Total** | **100.00** | **10.10** |

**b. Details of Investment in OCD**

Amount in Lakhs Except Share Data

| Notes | 31.03.2019 | 31.03.2018 |
|---|---|---|
| Aggregate amount of Non Quoted Investment | 429.29 | 429.29 |
| Aggregate amount of provision for diminution in value of Investment | - | - |

**c Disclosure pursuant to Ind AS 27 'Separate Financial Statement' for investment in equity instruments of subsidiaries:**

| Name of entity | Country of Incorporation | Proportion of ownership interest |
|---|---|---|
| M.B. Diamonds LLC | Russia | 95% |
| Goenka Diamond & Jewels DMCC | Dubai | 100% |

Note: The country of incorporation of above subsidiaries is their principle place of business. The subsidaries are engaged in Diamond and Gold Jewellery trading.

### 5 Loans

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unsecured and which have significant increase in credit risk | | |
| **Loan to related parties** | | |
| Subsidiary | 1,249.95 | 1,249.95 |
| **Total** | **1,249.95** | **1,249.95** |

**a.** Contrary to Ind AS 21 , Loan given to Subsidiary denominated in foreign currency amounting to ₹ 1249.95 lakhs have not been restated based on exchange rate as at the end of the year, 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. The company shall account for the actual exchange difference at the time of realization. Consequently, the Loan is understated by ₹ 84.44 lakhs (Previous Year ₹ 0.78 lakhs) as at the year end.

**b** The Loan to subsidiary is in the nature of long term investment and was given for set up of business of the subsidiary and is part of net investment in the subsidiary. Though due to certain unfavorable conditions in the past and slow down of business activity, the working of subsidiary is kept in abeyance. As and when the conditions turn favorable, the management is hopeful that they will be able to revive the business of the subidiary and shall be able to recover the loan (including accrued interest) in near future. However, the time frame of recovery of loan and accrued interest thereon cannot be estimated and therefore amount of expected credit loss required to be recognised cannot be ascertained.

**6 Other non-current financial assets**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured and considered good** | | |
| Bank deposits # | 3.44 | 3.39 |
| Security Deposit ## | 8.44 | 8.41 |
| Interest accrued but not due on OCD's | 129.87 | 74.58 |
| **Total** | **141.75** | **86.38** |

# These deposits are pledged with Banks and various authorities with maturity more than 12 months.

## Includes ₹ 1 lakh (P/Y ₹ 2 lakhs) security deposit given to Chairman, Managing Director and their relatives.

**7 Deferred Tax Assets (Net)**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| On account of Gratuity & Compensated Absences | 28.26 | 28.50 |
| On account of Depreciation | 12.87 | 25.31 |
| On Interest recognition | 11.34 | 12.07 |
| On 43 B Items | 5.57 | 5.78 |
| **Total** | **58.04** | **71.66** |

**Notes**

1. The management has not created deferred tax assets on unabsorbed depreciation and carried forward of losses due to lack of reasonable certainity that sufficient future taxable income will be there against which such deferred tax assets will be set off.
2. Net deferred tax charge / (credit) for the year of ₹ 13.61 lakhs (Previous year (₹ 3.54 lakhs)) has been recognised in the Statement of Profit and Loss for the year.

**8 Inventories (at cost or NRV whichever is lower)**
**(As taken, valued and certified by management)**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Raw Materials | 2,294.87 | 2,346.41 |
| Finished Goods | 234.82 | 340.00 |
| **Total** | **2,529.69** | **2,686.41** |

**9 Trade Receivables**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unsecured and which have significant increase in credit risk | - | - |
| Others (Refer footnote) (Refer Note No. 40(a)) | 70,358.62 | 69,877.78 |
| **Total** | **70,358.62** | **69,877.78** |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**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 recieved by these trade receivables. The Company is taking all possible efforts to recover old trade receivables and had initiated legal action whereever considered necessary. However, looking at the past record regarding recovery from Trade receivables, the management is of the opinion that looking to the uncertainity regarding time frame and quantum of realisation from these trade receivables, amount of expected credit loss required to be recognised cannot be estimated and therefore no provision for expected credit loss is required to be made against these trade receivables.

**b** Contrary to Ind AS 21, trade receivables denominated in foreign currency amounting to ₹ 69,806.99 lakhs 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 ₹ 5498.66 lakhs as at the year end (Previous Year ₹ 777.61 lakhs).

### 10 Cash and cash equivalents

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Balances with bank** | | |
| In current account (attached by bank/ taxation authorities) | 38.13 | 37.43 |
| Cash on hand | 5.67 | 6.26 |
| **Total** | **43.80** | **43.70** |

| | | |
|---|---|---|
| Cash and cash equivalent as per Ind AS-7 | 5.67 | 6.26 |

### 11 Bank balances other than cash and cash equivalent

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unpaid Dividend | 0.10 | 0.65 |
| **Total** | **0.10** | **0.65** |

### 12 Other current financial assets

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured and Considered good** | | |
| Interest Accrued on deposits | 0.53 | 0.34 |
| Advance to subsidiary | 59.78 | 59.78 |
| Others | 580.83 | 467.19 |
| **Total** | **641.14** | **527.31** |

Contrary to Ind AS 21, Advance given to a subsidiary amounting to ₹ 59.78 lakhs 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.

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 13 Other current assets

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance to Staff | 0.49 | - |
| Prepaid Expenses | 6.50 | 7.35 |
| Advance to Suppliers | 1.33 | 2.71 |
| Balances with Tax Authorities | 32.48 | 32.48 |
| **Total** | **40.80** | **42.54** |

### 14 Share Capital

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

Amount in Lakhs Except Share Data

| Particulars | As at March 31 2019 | | As at March 31 2018 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Authorised Share Capital** | | | | |
| Equity Shares of ₹ 1/- each fully paid up | 330000000 | 3,300.00 | 330000000 | 3,300.00 |
| (P/Y ₹ 1/- per share fully paid up) | | | | |
| **Issued, Subscribed and Paid up** | | | | |
| Equity Shares of ₹ 1/- each fully paid up | 317000000 | 3,170.00 | 317000000 | 3,170.00 |
| **Total** | | **3,170.00** | | **3,170.00** |

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

Amount in Lakhs Except Share Data

| Particulars | As at March 31 2019 | | As at March 31 2018 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Equity Shares:** | | | | |
| Shares outstanding at the beginning of the year | 317000000 | 3,170.00 | 317000000 | 3,170.00 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 317000000 | 3,170.00 | 317000000 | 3,170.00 |

**c Rights, preferences and restrictions attached to shares:**

(i) 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.

(ii) Subsequent to dispute between promoters during the year under review, hon'ble Company Law Board (CLB) has directed that 409.76 Lakhs equity shares of Goenka Diamond & Jewels Limited shall not carry any voting rights, pending the disposal of company petition before CLB.

(iii) During the previous year PNB has sold 409.76 lakhs equity shares of promoters pledged with consortium against the borrowing limits. The sale proceed of these shares have not been adjusted by the PNB against the outstanding dues and therefore no adjustment for the same has been made in the books of account.

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

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

| Name of Shareholders | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| **Equity Shares:** | | | | |
| Nandlal Goenka (Refer Note No. 14 c (iii)) | 56,00,625 | 1.77% | 56,00,625 | 1.77% |
| Nitin Goenka (Refer Note No. 14 c (ii)) | - | 0.00% | - | 0.00% |
| Navneet Goenka (Refer Note No. 14 c (iii)) | 9,11,26,875 | 28.75% | 9,11,26,875 | 28.75% |
| Nand Lal Goenka (HUF) | 3,42,00,000 | 10.79% | 3,42,00,000 | 10.79% |
| Nirmala Goenka (Refer Note No. 14 c (ii)) | 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. Oct 29, 2012.

## 15 Other Equity

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Securities Premium | 10,885.07 | 10,885.07 |
| General Reserve | 99.08 | 99.08 |
| ***Retained Earnings*** | 11,988.20 | 12,063.21 |
| **Other Comprehensive Income** | | |
| Remeasurment of Defined Benefit Plan | 2.91 | 2.23 |
| **Total** | **22,975.25** | **23,049.59** |

**a. Retained earnings**

Retained earnings are the profits of the company earned till date after all distribution made to shareholders.

**b. Securities Premium Reserve**

This reserve is created by excess of amount received over face value of shares. This reserve will be utlilised as per the provision of Companies Act, 2013.

**c. General Reserve**

This reserve is created by transferring amount from retained earning. This reserve is freely available for distribution

## 16 Borrowing

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Corporate Loan | - | - |
| (Since recalled shown as "Other Current Financial Liabilities") | | |
| (Refer Note No. 20 ) | | |
| **Total** | **-** | **-** |

A **Nature of Security**

**Credit Facilities are secured by:**

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 lakhs 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%

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**17 Provision**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision For Employee Benefits:*** | | |
| Provision for Gratuity (refer note 32 ) | 7.00 | 42.87 |
| Provision for Compensated Absences (refer note 32 ) | 1.12 | 2.82 |
| **Total** | **8.13** | **45.69** |

*During the previous year, the Company has recorded provision for gratuity and leave encashment in excess of acturial valuation. In current year, the difference between acturial valuation and book liability is shifted to other financial liabilities and in provision, liability as per acturial valuation is recorded.

**18 Short Term Borrowing**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Pre-shipment Loan | - | - |
| Post-shipment Loan | - | - |
| **Total** | **-** | **-** |

**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 Financial Liabilties"**

**19 Trade Payable**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Trade Payable** | | |
| Micro and small medium enterprise | - | - |
| Others | 30,251.19 | 29,787.26 |
| **Total** | **30,251.19** | **29,787.26** |

**a.** 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.

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**b.** Contrary to IND AS 21, trade payables denominated in foreign currency amounting to ₹ 29,717.66 lakhs 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 payament of these trade payables which is dependent of recovery from trade receivables. 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 ₹ 1611.26 lakhs (Previous Year overstated by ₹ 310.37 lakhs) as at the year end.

## 20 Other Current Financial Liabilities

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Loans Facilities Recalled by Banks** | | |
| 1) Post - Shipment Loans | 9,494.82 | 9,494.82 |
| 2) Pre - Shipment Loans | 3,320.34 | 3,320.34 |
| 3) Corporate Loan | 1,111.70 | 1,111.70 |
| 4) Overdrawn Balances in Bank Current Account | 2,471.64 | 2,471.64 |
| 5 )ARC Account | 1,761.22 | 1,761.22 |
| Interest accrued and due on borrowings | 530.79 | 530.79 |
| Unclaimed Dividend # | 0.10 | 0.65 |
| Employee benefit payables | 5.55 | 7.26 |
| Due to director's in current account | 87.39 | 102.67 |
| Other Payables | 592.60 | 509.71 |
| **Total** | **19,376.14** | **19,310.79** |

**Notes:**

A.: Loan facilities recalled by banks include ₹ 9770.13 lakhs ( Previous year ₹ 4930.86 lakhs) being outstanding loan for which neither bank statement nor confirmations of balance were received.

B : Other payables includes debit balance in capital account of one of the subsidiary Solitaire Diamond Exports.

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

**D. Details of Continuing Defaults**

**Amount in Lakhs Except Share Data**

| Name of Bank | Date of Default | Amount |
|---|---|---|
| Central Bank of India -Post & Pre Shipment Loans | Jan 2014 | 1,032.78 |
| Corporation Bank - Post & Pre Shipment Loans and Term Loan | 21-04-2016 | 2,284.80 |
| Punjab National Bank - Post & Pre Shipment Loans and Term Loan | 31-03-2016 | 4,493.31 |
| Punjab & Sind Bank - Post & Pre Shipment Loans | 30-06-2014 | 3,141.25 |
| State Bank of India - Post Shipment Loans | 21-03-2016 | 884.85 |
| AXIS Bank - Post & Pre Shipment Loans and Term Loan | 31-07-2016 | 2,089.86 |
| UCO Bank - Alchemist ARC Ltd | 04-04-2016 | 1,002.40 |
| Karnataka Bank - Alchemist ARC Ltd | 29-06-2016 | 758.82 |
| Axis Bank Ltd - Overdrawn Balances in Bank Current Account | 31-07-2016 | 1,362.64 |
| Corporation Bank - Overdrawn Balances in Bank Current Account | 21-04-2016 | 15.31 |
| Punjab National Bank - Overdrawn Balances in Bank Current Account | 31-03-2016 | 2.84 |
| Punjab Sindh Bank - Overdrawn Balances in Bank Curren Account | 30-06-2014 | 1,090.84 |

1 Date of default is considered as date of NPA

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

2. The above defaults does not includes defaults of payment of interests, as the company is not accounting for any interest from April 1, 2016 even though the banks have either charged interest but subsequently reversed or have not charged interest. Further, it has been decided by the Board not to provide any interest amounting to ₹ 10400.16 lakhs (Current year interest ₹ 3644.35 lakhs) ( Previous Year ₹ 3970.33 lakhs) as calculated by the management @17 % (approx) on working capital borrowing availed by the Company, due to pending proposal for settlement of entire dues, envisaging part-payment of principal amount due to the banks. 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 above "Other Current Financial Liabilities".
3. 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 withdraw the demand notices already issued and prayed for liberty to issue fresh demand notices. Consequential 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 ₹ 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, 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 some banks and some bank has requested to improve the OTS proposal.

### 21 Other Current Liabilities

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Statutory Dues (including PF, TDS, GST etc.) | 118.75 | 116.36 |
| **Total** | **118.75** | **116.36** |

### 22 Provision

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for employee benefits:*** | | |
| Provision for Gratuity (refer note 32 ) | 3.12 | 38.05 |
| Provision for Compensated Absences (refer note 32 ) | 0.43 | 0.51 |
| **Total** | **3.56** | **38.56** |

* During the previous year, the Company has recorded provision for gratuity and leave encashment in excess of acturial valuation. In current year, the difference between acturial valuation and book liability is shifted to other financial liabilities and in provision liability as per acturial valuation is recorded.

### 23 Current Tax liabilities

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provison for Tax (Net of advances tax as at March 31, 2019; ₹ 1106.41 lakhs, As at March 31, 2018; ₹ 1106.46 lakhs ) | 413.10 | 370.29 |
| **Total** | **413.10** | **370.29** |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 24 Revenue from Operations

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Sale of Products** | 658.69 | 771.62 |
| **Other operating revenue** | | |
| a) Share of Profit/ (loss) from partnership firm | (6.98) | (125.37) |
| **Total** | **651.72** | **646.25** |

### 25 Other Income

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest | 154.85 | 142.95 |
| **Other income** | | |
| a) Liabillity no longer required | 1.09 | - |
| b) Other Income | 1.23 | 3.75 |
| **Total** | **157.17** | **146.70** |

### 26 Cost of Raw Material Consumed

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening Stock of Raw Material / Material in process | 2,346.41 | 2,676.62 |
| Add: Purchases | 454.41 | - |
| | **2,800.82** | **2,676.62** |
| **Less:** | | |
| Closing Stock of Raw Material / Material in process | 2,294.87 | 2,346.41 |
| **Total** | **505.95** | **330.20** |

### 27 Changes in Inventories of finished goods, stock-in-trade and work in progress

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening Stock of Finished Goods | 340.00 | 708.35 |
| **Less:** | | |
| Closing Stock of Finished Goods | 234.82 | 340.00 |
| **Total** | **105.18** | **368.35** |

### 28 Employee Benefit Expenses

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries, Bonus and Wages etc. | 65.16 | 80.14 |
| Contribution to provident/ pension & other funds | 3.23 | 3.68 |
| Staff welfare expenses | 0.97 | 1.64 |
| **Total** | **69.36** | **85.46** |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 29 Finance Cost

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Interest** | | |
| Other Finance Charges | 1.79 | 0.34 |
| Interest on Delayed Payment of Taxes | 58.16 | 58.32 |
| **Total** | **59.95** | **58.65** |

### 30 Other expenses

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Electricity & Water expenses | 0.69 | 0.75 |
| Factory Rent | 2.40 | 1.74 |
| **Administrative & Selling Expenses** | | |
| Rent, Rates and Taxes | 18.08 | 20.55 |
| Water & Electricity | 6.17 | 6.95 |
| Insurance | 0.84 | 1.11 |
| Travelling and Conveyance | 6.16 | 1.32 |
| Legal and Professional | 7.91 | 45.36 |
| Postage and Telephone | 1.97 | 2.79 |
| Printing and Stationery | 1.72 | 1.87 |
| Advertisement and Business Promotion | 5.78 | 4.39 |
| Directors' Remuneration | 10.80 | 10.80 |
| Directors' Sitting Fees | 1.50 | 3.46 |
| Misc. Expenses | 6.04 | 27.31 |
| Repair & Maintenance | 2.79 | 2.57 |
| Brokerage & Commission | 0.90 | - |
| **Auditors' Remuneration** | | |
| - Statuary Audit Fees | 5.50 | 8.25 |
| - Taxation Matters | 0.75 | |
| - Reimbersment of Expenses | 0.15 | 0.54 |
| **Total** | **80.16** | **139.77** |

### 31 Financial Instruments

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability are disclosed in note 4-6,9-12,16,18-20 of the Ind AS financial statements.

**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Financial assets - measured at amortised cost** | | |
| Investment in OCD | 429.29 | 429.29 |
| Loans | 1,249.95 | 1,249.95 |
| Trade receivables | 70,358.62 | 69,877.78 |
| Cash and cash equivalent | 43.80 | 43.70 |
| Bank balances other than cash and cash equivalent | 0.10 | 0.65 |

NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Other financial assets | 782.89 | 613.68 |
| **Total financial assets** | **72,864.65** | **72,215.05** |
| **Financial liabilities - measured at amortised cost** | | |
| Trade Payable | 30,251.19 | 29,787.26 |
| Other Financial liabilities | 19,376.14 | 19,310.79 |
| **Total financial liabilities** | **49,627.33** | **49,098.05** |

**Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are whether observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**(b) Financial Risk Management**

The Board of Directors reviews the risk management policy from time to time and the said policy aims at enhancing shareholders' value and providing an optimum risk-reward trade off. The risk management approach is based on clear understanding of variety of risk that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

A brief description of the various risks which the company is likely to face are as under:

**(i) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: interest rate risk, credit and default risk and liquidity risk. Financial instruments affected by market risk include loans and borrowings, deposits and FVTPL investments.

**(ii) Interest Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company borrowings from banks which have been declared NPA by the banks and interest at a higher rate is charged by the banks. So, interest rate risk is high in case of Company.

**Interest rate sensitivity analysis**

The sensitivity analyses have been determined based on the exposure to interest rates for both fixed and floating rate borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Since all the consortium bankers has recalled their loans, details of interest charged by banks are not available from FY 2016-17 onwards, hence disclosure required for interest rate senility cannot be given.

**(iii) Credit Risk and Default Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables, business advances/deposit given) and from its investing activities (primarily loans granted to Subsidiaries, various parties including related parties). Since, the Company is not able to timely realize amount due from trade receivables and subsidiaries credit risk in case of Company is very high.

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(iv) Liquidity risk**

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans. The present liquidity position of the company is constrained as the borrowings from banks have been declared NPA and no operations are allowed by the banks. Due to account being declared NPA, the company is not able to obtain new finance from banks and the promoters are also unable to infuse fresh funds which can be utilised for the purpose of business. To mitigate this deadlock, the promoters and Company is taking all efforts to settle its dues with banks by way of one-time settlements.

**Amount in Lakhs Except Share Data**

| Particulars | Amount payable during below period | | |
|---|---|---|---|
| | As at March 31, 2019 | Within 1 year | More than 1 year |
| **Financial liabilities** | | | |
| Trade payables | 30,251.19 | 30,251.19 | - |
| Other financial liabilities | 19,376.14 | 19,376.14 | - |
| **Total** | **49,627.33** | **49,627.33** | **-** |

**Amount in Lakhs Except Share Data**

| Particulars | Amount payable during below period | | |
|---|---|---|---|
| | As at March 31, 2018 | Within 1 year | More than 1 year |
| **Financial liabilities** | | | |
| Trade payables | 29,787.26 | 29,787.26 | - |
| Other financial liabilities | 19,310.79 | 19,310.79 | - |
| **Total** | **49,098.05** | **49,098.05** | **-** |

**(v) Foreign Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The company have significant currency risk as the company have significant amount outstanding which is denominated in foreign currency all the foreign currency exposure of the company is unhedged.

**Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Quarterly reports are submitted to Board of Directors on the unhedged foreign currency exposures.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of March 31, 2019 is as follows.

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | | |
|---|---|---|---|
| | USD | INR | Total |
| **Financial assets** | | | |
| (a) Trade Receivables | 69,806.99 | 551.63 | 70,358.62 |
| (b) Cash and cash equivalents | 0.79 | 43.01 | 43.80 |
| (c) Bank balances other than above | - | 0.10 | 0.10 |
| (d) Loans | 1,249.95 | - | 1,249.95 |
| (e) Investment | - | 429.29 | 429.29 |
| (f) Other financial assets | 591.92 | 190.98 | 782.89 |
| **Total financial assets** | **71,649.64** | **1,215.01** | **72,864.65** |

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | | |
|---|---|---|---|
| | USD | INR | Total |
| **Financial Liabilities** | | | |
| (a) Long term borrowings | - | - | - |
| (b) Short term borrowing | - | - | - |
| (c) Trade payables | 29,712.79 | 538.40 | 30,251.19 |
| (d) Other Financial liabilities | 189.41 | 19,186.73 | 19,376.14 |
| **Total financial liabilities** | **29,902.20** | **19,725.13** | **49,627.33** |
| **Excess of financial liabilities over financial assets** | **(41,747.44)** | **18,510.13** | **(23,237.32)** |
| **Hedge for foreign currency risk** | **-** | **-** | **-** |
| **Net exposure of foreign currency risk** | **(41,747.44)** | **18,510.13** | **(23,237.32)** |
| **Sensitivity impact on Net liabilities/(assets) exposure at 5%** | **(2,087.37)** | **NA** | **(2,087.37)** |

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of March 31, 2018 is as follows.

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2018 | | |
|---|---|---|---|
| | USD | INR | Total |
| **Financial assets** | | | |
| (a) Trade Receivables | 69,806.99 | 70.80 | 69,877.78 |
| (b) Cash and cash equivalents | 0.76 | 42.93 | 43.70 |
| (c) Bank balances other than above | - | 0.65 | 0.65 |
| (d) Loans | 1,249.95 | - | 1,249.95 |
| (e) Investment | - | 429.29 | 429.29 |
| (f) Other financial assets | 498.51 | 115.17 | 613.68 |
| **Total financial assets** | **71,556.21** | **658.84** | **72,215.05** |
| **Financial Liabilities** | | | |
| (a) Long term borrowings | - | | - |
| (b) Short term borrowing | - | | - |
| (c) Trade payables | 29,712.79 | 74.47 | 29,787.26 |
| (d) Other Financial liabilities | 189.41 | 19,121.38 | 19,310.79 |
| **Total financial liabilities** | **29,902.20** | **19,195.85** | **49,098.05** |
| **Excess of financial liabilities over financial assets** | **(41,654.01)** | **18,537.01** | **(23,117.00)** |
| **Hedge for foreign currency risk** | - | - | **-** |
| **Net exposure of foreign currency risk** | **(41,654.01)** | **18,537.01** | **(23,117.00)** |
| **Sensitivity impact on Net liabilities/(assets) exposure at 5%** | **(2,082.70)** | **NA** | **(2,082.70)** |

**(c) Capital Management**

For the purposes of the company's capital management, capital includes share capital. The primary objective of the company's capital management is to maximise shareholders' value. The company manages its capital structure and market adjustments in the light of changes in economic environment and the requirements of the financial convenants.

The gearing ratio at the end of reporting period was as follows

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Gross Debt | 18,159.71 | 18,159.71 |
| Cash and cash equivalents | (43.80) | (43.70) |
| **Net Debt (A)** | **18,115.91** | **18,116.01** |
| **Total Equity as per Balance Sheet (B)** | 26,145.25 | 26,219.59 |
| **Gearing ratio (A/B)** | 0.693 | 0.691 |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**32** As per Ind AS 19, "Employee Benefits", the disclosure of employee benefits as defined in AS is given below.

**Defined Contribution Plans:**

1. Providend Fund
2. State Defined Contribution Plan
3. Employers Contribution to Employees State Insurance

These Contributions are recognised as an expense in Note No. 28 "Employee Benefit Expenses" of the Statement of Profit and Loss.

**Amount in Lakhs Except Share Data**

| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Employers Contribution to Provident Fund | 1.95 | 2.00 |
| Employers Contribution to Employee State Insurance | 0.36 | 0.36 |
| Employers Contribution to Maharashtra Labour Welfare Fund | - | |
| **Total** | **2.31** | **2.36** |

**Defined Benefit Plan**

The company provides gratuity benefits to its employees as per the statute. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2019.

**32.1** Reconciliation of opening and closing balances of Defined Benefit Obligation:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| **Net Liability at the beginning of the period** | **9.00** | **11.53** |
| Benefit Paid | - | (4.94) |
| Interest cost | 0.58 | 0.73 |
| Current Service cost | 1.46 | 2.16 |
| Past Service Cost | - | 0.84 |
| Remeasurements on obligation - Gain/(Loss) | (0.92) | (1.33) |
| **Liability at the end of the period** | **10.13** | **9.00** |

**32.2** Reconciliation of fair value of plan assets and obligations:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Liability at the end of the period | 10.13 | 9.00 |
| Fair value of Plan Assets at the end of the period | - | - |
| **Surplus / (Deficit)** | (10.13) | (9.00) |
| Current Liability (refere Note 22) | 3.12 | 38.05 |
| Non Current Liability (refere Note 17) | 7.00 | 42.87 |
| **Amount Recognised in the Balance Sheet** | **10.13** | **80.92** |

Based on the Acturial Valuation by Independent Actuary, there is decreased in gratuity obligation by ₹ 71,91 lakhs- as at March 31, 2018. However, the company as at March 31, 2018 has continued with the existing provision and has not reversed such decrease in obiligation. Whereas, during the current year, the Company has recorded provision as per actuarial valuation and excess liability recorded during previous year is shifted to other current financial liabilities.

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**32.3** Expense recognized during the period:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Current service cost | 1.46 | 2.16 |
| Past service cost and loss/(gain) on curtailments and settlement | - | 0.84 |
| Net Interest (Income) / Cost | 0.58 | 0.73 |
| Expected Return on Plan Assets | | - |
| **Expenses Recognised in Statement of Profit and Loss** | **2.04** | **3.74** |

**32.4** Expense recognized during the year in Statement of OCI

**Amount in Lakhs Except Share Data**

| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Actuarial (gain)/loss | (0.92) | (1.33) |
| **Expense Recognised in OCI** | **(0.92)** | **(1.33)** |

**32.5** Actuarial Assumptions:

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Mortality table | Indian Assured Live Mortality (2006-08) | Indian Assured Live Mortality (2006-08) |
| Discount rate | 7.50% | 7.55% |
| Salary growth rate | 7.00% | 7.00% |
| Expected Rate of Return | NA (Non-Funded) | NA (Non-Funded) |

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is extracted from the report obtained from Actuary.

**Risk exposure and asset liability matching**

**Liability Risks:-**

**(a) Asset-liability Mismatch Risk**

Risk which arise if there is a mismatch in the duration of the assets relative to the liabilities by mismatching duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements.

Hence Companies are encouraged to adopt assets- Liability management.

**(b) Discount Rate Risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

**(c) Future salary Escalation and inflation risk**

Since the price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments regulating in a higher present value of liabilities especially unexpected salary increases provide at management’s discretion may lead to uncertainties in estimating this increasing risk.

**(d) Unfunded Risk**

This represents unmanaged risk and growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company’s financials and also benfit risk through return on the funds made available for the plan.

There is no contribution under defined contribution plans and defined benefit plans in respect of Key Management Personnel.

**32.6** Expected future benefit payments:

The following benefits payments, for each of the next five years and the aggregate five years thereafter, after expected to be paid:

**Amount in Lakhs Except Share Data**

| Year | Expected Benefit Payment ( in ₹) |
|---|---|
| 1 | 3.12 |
| 2 | 0.82 |
| 3 | 0.78 |
| 4 | 0.71 |
| 5 | 1.52 |
| 6 to 10 | 2.75 |
| **Projected benefit Obligation** | **9.70** |

The Expected contribution for the next year is ₹ 3.12 lakhs.

The average outstanding term of obligation (years) as at valuation date is 6.63 year.

**32.7** Sensitivity Analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Defined benefit obligation (DBO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

(a)The current service cost recognised as an expenses included in the Note 28 'Employee benefits expense' as gratuity. The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**(a)** Impact of change in discount rate, future salary increase, withdrawal rate on defined benefit obligation when base assumption is decreased/increased.

**Amount in Lakhs Except Share Data**

| **Year** | **31-03-2019** | |
|---|---|---|
| **Sensitivity Level** | **Defined benefit obligation** | |
| **Assumptions** | **Increase** | **Decrease** |
| Discount rate (+/- 0.50%) | 9.84 | 10.44 |
| Salary growth rate (+/- 0.50%) | 10.44 | 9.84 |
| Withdrawal rate (+/- 10% of withdrawal rate) | 10.15 | 10.10 |

**Amount in Lakhs Except Share Data**

| **Year** | **31-03-2018** | |
|---|---|---|
| **Sensitivity Level** | **Defined benefit obligation** | |
| **Assumptions** | **Increase** | **Decrease** |
| Discount rate (+/- 0.50%) | 8.74 | 9.28 |
| Salary growth rate (+/- 0.50%) | 9.27 | 8.75 |
| Withdrawal rate (+/- 10% of withdrawal rate) | 9.01 | 8.99 |

**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. ₹ 4.31 lakhs)**

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Unfunded obligation recognised in the Balance Sheet | 1.56 | 3.33 |
| **Shown as** | | |
| Non-Current Provision (refer note no. 17) | 1.12 | 2.82 |
| Current Provision (refer note no. 22) | 0.43 | 0.51 |

## 33 Income Taxes

Indian companies are subject to Indian income tax on a standalone basis. Entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax (“MAT”).

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. The adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 25% plus a surcharge and higher education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 18.5% plus surcharge and higher education cess. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the fiscal year in which MAT credit arises subject to the limits prescribed.

### a) Income taxes expenses

**Amount in Lakhs Except Share Data**

| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| **Recognised in Statement of Profit and Loss** | | |
| **Current tax** | | |
| In respect of the current year | - | - |
| **Deferred tax** | | |
| In respect of the current year | 13.37 | (3.88) |
| **Recognised in Other Comprehensive Income** | | |
| **Deferred tax** | | |
| In respect of the current year | 0.24 | 0.35 |
| **Total** | **13.61** | **(3.54)** |

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognise income tax expense for the year indicated are as follows :

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Accounitng profit before income tax** | **(61.63)** | **(252.63)** |
| Statutory income tax rate | 26.00% | 25.75% |
| Tax at statutory income tax rate | **(16.02)** | **(65.05)** |
| **Tax Effect of:** | | |
| 43B disallowance | 0.20 | (4.51) |
| DTA not recognise on loss | 16.02 | 65.05 |
| Difference between book base and tax base of Property, Plant and Equipment | 12.44 | 1.91 |
| Tax effect on Ind AS adjustment | 0.73 | (1.29) |
| Deferred tax liabilities on Employee benefit Expense | 0.24 | 0.35 |
| **Income taxes recognised in the statement of income** | **13.61** | **(3.54)** |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Movement in deferred tax asset:**

**Amount in Lakhs Except Share Data**

| **Deferred tax balances in relation to** | **As at April 01, 2018** | **Charge / (credit) during the year** | **As at March 31, 2019** |
|---|---|---|---|
| Property, plant and equipment | 25.31 | 12.44 | 12.87 |
| Gratuity and leave encashment | 28.50 | 0.24 | 28.26 |
| 43B items | 5.78 | 0.20 | 5.57 |
| Interest income on EIR basis | 12.07 | 0.73 | 11.34 |
| **Total deferred tax for the year** | **71.66** | **13.61** | **58.04** |

**Amount in Lakhs Except Share Data**

| **Deferred tax balances in relation to** | **As at April 01, 2017** | **Charge / (credit) during the year** | **As at March 31, 2018** |
|---|---|---|---|
| Property, plant and equipment | 27.23 | 1.92 | 25.31 |
| Gratuity and leave encashment | 27.34 | (1.16) | 28.50 |
| 43B items | 2.78 | (3.00) | 5.78 |
| Interest income on EIR basis | 10.78 | (1.29) | 12.07 |
| **Total deferred tax for the year** | **68.13** | **(3.54)** | **71.66** |

**34 Segment Reporting**

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes.

iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

vi. Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

**(a) Primary segment information**

The company has identified two operating business segments viz. Diamond and Gem and Retail Jewellery operations as per Ind AS 108.

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Amount in Lakhs Except Share Data**

| Particulars | Business Segments | | | | Total | |
|---|---|---|---|---|---|---|
| | Diamond | | Jewellery | | | |
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **Segment Revenue** | | | | | | |
| External Sales | 651.72 | 648.15 | - | (1.90) | 651.72 | 646.25 |
| Inter Segment Sales | - | - | - | - | - | - |
| **Segment Result** | 651.19 | 174.90 | (702.18) | (358.47) | (50.98) | (183.57) |
| Unallocated Finance charges | - | | - | | (59.95) | (58.65) |
| Unallocated expenses | | | | | (107.87) | (161.30) |
| Unallocated Income | | | | | 157.17 | 150.89 |
| **Profit before tax** | | | | | **(61.63)** | **(252.63)** |
| Income tax (net) | | | | | (13.37) | (3.88) |
| **Profit after tax** | | | | | **(75.00)** | **(248.74)** |
| **Other Information** | | | | | | |
| Segment assets | 65,987.06 | 65,463.57 | 7,663.40 | 7,906.54 | 73,650.46 | 73,370.11 |
| Unallocated other assets | | | | | 2,665.66 | 2,518.41 |
| **Total assets** | | | | | **76,316.12** | **75,888.52** |
| Segment liabilities | 30,091.28 | 29,630.75 | 193.93 | 186.99 | 30,285.21 | 29,817.74 |
| Unallocated other liabilities | | | | | 46,030.91 | 46,070.78 |
| **Total liabilities** | | | | | **76,316.12** | **75,888.52** |
| Non-cash expenses other than Deprecation | | | | | | |

**(b) Secondary segment information**

**Amount in Lakhs Except Share Data**

| Particulars | Geographical Segments | | | | Total | |
|---|---|---|---|---|---|---|
| | Domestic | | Rest of the world | | | |
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Segment Revenue based on customers location | 651.72 | 646.25 | - | - | 651.72 | 646.25 |
| Segment Assets | 6,509.13 | 6,081.54 | 69,806.99 | 69,806.99 | 76,316.12 | 75,888.53 |

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**35 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
3. Solitaire Diamond Exports

**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 Mining Resources Private Limited
8. Goenka Entertainments Private Limited
9. Goenka Properties Private Limited
10. Gem Gold Mining Private Limited
11. Top Minerals Private Limited
12. Aureus Gold Mines Private Limited
13. Shree Vriddhi Mines and Minerals Private Limited
14. Goenka Power and Infra Limited
15. D.V.Exports
16. Dinyog Finvest Private Limited
17. Nand Lal Goenka(HUF)

18 Shobhagya Capital Options Limited

19 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)

## NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**B. Related Party Transactions** **Amount in Lakhs Except Share Data**

| Nature of Transactions | Subsidiary | | KMP, their relatives and Enterprises in which KMP are interested | |
|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| **1. Transactions during the year** | - | - | - | - |
| **a. Rent Paid** | | | | |
| i. Nandlal Goenka | - | - | 9.90 | 9.90 |
| ii. Navneet Goenka | - | - | - | - |
| iii. Bhawna Goenka | - | - | 3.00 | 3.00 |
| iv. Nirmala Goenka | - | - | 3.00 | 3.00 |
| **b. Remuneration #** | | | | |
| i. Nandlal Goenka | - | - | 6.00 | 6.00 |
| ii. Navneet Goenka | - | - | 4.80 | 4.80 |
| **c. Perquisites** | | | | |
| i. Navneet Goenka | - | - | 2.24 | 2.24 |
| ii. Nandlal Goenka | - | - | 1.60 | 1.60 |
| **d. Interest Received** | 93.41 | 87.55 | 61.17 | 54.62 |
| **e. Share of Profit from Partnership Firm** | (6.98) | (125.37) | - | - |
| **f. Secutiy Deposit adjusted** | | | | |
| Nandlal Goenka | - | - | 0.50 | - |
| **g. Payment made in behalf of Subsidiary** | | | | |
| Solitaire Diamond Exports | | | - | - |
| **2. Balances as at year ended** | 0.21 | - | - | - |
| **a. Loans Given** | | | | |
| Goenka Diamond & Jewels DMCC | 1,249.95 | 1,249.95 | - | - |
| **b. Advances** | | | | |
| M B Diamond LLC | 59.78 | 59.78 | - | - |
| **c. Interest Accrued and Due** | | | | |
| Goenka Diamond & Jewels DMCC | 532.13 | 438.73 | - | - |
| **d. Trade Receivables** | | | | |
| M B Diamond LLC | 103.81 | 103.81 | - | - |
| **e. Security Deposits** | | | | |
| i. Nandlal Goenka | - | - | - | 0.50 |
| ii. Bhawna Goenka | - | - | 0.50 | 0.50 |
| iii. Nirmala Goenka | - | - | 0.50 | 0.50 |
| **f. Credit Balance of following parties** | | | | |
| i. Nandlal Goenka | - | - | 87.56 | 100.71 |
| ii. Navneet Goenka | - | - | - | 1.96 |
| iv. Bhawna Goenka | - | - | 13.96 | 11.26 |
| v. Nirmala Goenka | - | - | 15.75 | 13.05 |
| **g. Investment in Subsidiaries** | 19.48 | 19.48 | - | - |
| **h. Investment in Others** | | | | |
| Gem Gold Minning Pvt. Ltd. | - | - | 429.29 | 429.29 |
| **i. Interest Receivable on Investment** | | | | |
| Gem Gold Minning Pvt. Ltd. | - | - | 129.87 | 74.58 |
| **j. Balance in Current A/c- Partnership Firm** | (473.40) | (466.63) | - | - |

# 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 FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**36** During the financial year 2010-2011, the Company had completed its Initial Public Offer (IPO) comprising of 93.71 lakhs 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 ₹ 12650.85 lakhs. Out of the said proceeds, ₹ 12573.87 lakhs have been utilised on objects approved by the Board of Directors and Share Holders. The Remaining amount of ₹ 76.98 lakhs have been attached / adjusted by the Government authorities against the disputed dues.

**Amount in Lakhs Except Share Data**

**37**

| | **Earnings Per Share (EPS) #** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|---|
| a. | Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) | (75.00) | (248.74) |
| b. | Weighted average number of equity shares outstanding during the year for basic & diluted EPS | 31,70,00,000 | 31,70,00,000 |
| c. | Basic and Diluted Earnings Per Share (a/b) | (0.02) | (0.08) |

**38 Contingent Liabilities**

**(a) Claims against the Company not acknowleged as debts**

In respect of 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 till March 2016 has provided in its best judgement all probable interest liability. There after the company has not recognised any interest liability payable to banks. Interest charged by the banks for the year ended March 17, March 18 and March 19 or remaining to be charged by the banks of previous years has not been acknowledged as debts by the company. The company has approached consortium bankers for One Time Settlement proposal (OTS) to settle entire loans (including interest) and OTS proposal is under consideration by the consortium bankers. In absence of complete details, the amount is unascertained.

**(b) Disputed Demand with Government Authorities**

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **i) Income Tax Matters (Against which company has preferred appeals)** | 5,016.15 | 8,190.42 |
| (Pertaining to AY 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15) | | |
| (P.Y. 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15) | | |
| **ii) Service Tax Matter (Appeal filed by company)** | 1.40 | 1.40 |
| **iii) Punjab Value Added Tax demand against which company has preferred appeal** | 31.83 | 31.83 |

iv) The Company does not envisage any liability in respect of income tax of earlier years on account of exchange gain on restatement of monetary items denominated in foreign currency, 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.

39 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 lakhs. The same has been shown in the closing stock of emerald cut in the books of Accounts

40 (a) 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. The Company has approached consortium bankers and ARC for settlement of 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. Further, the management is taking all possible steps to revive the business operations and has achieved the turnover of ₹ 651.72 lacs during the year. The management is confident that the

**NOTES FORMING PART OF STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

business modal of the company is still intact and it can carry on the business of the company in profitable manner. The Company is trying its best to successfully come out of this phase as is hopeful that the bankers and ARC will accept its restructuring/ one-time settlement proposal and at the same time is also confident that it will have adequate cash flow from export realization and internal accruals to defray its entire debt obligation in phased manner. The promoters of the Company are also ready to infuse funds in the company and to raise fund from alternate means to meet short term and long term obligations of the Company. Hence the accounts of the Company are prepared on going concern basis.

(b) No provision has been made on an investment of ₹ 2.03 lakhs advance given of ₹ 59.78 lakhs by the Company to its subsidiary namely M/s. M. B. Diamond LLC (Russia) and Investment of ₹ 7.44 lacs in subsidiary M/s. Goenka Diamond & Jewels DMCC (Dubai), whose net-worth is negative as the management is of view that these investments are in the nature of non-current investments and the diminution in value is temporary in nature. The management is confident that these subsidiaries shall revive its business operations in near future.

(c) Loan given to subsidiary is in the nature long term loan for set up of business of the subsidiary and is part of net investment in subsidiary. The operation of the subsidiary shall soon be revived and this loan will be recovered in near future and therefore no provision for expected credit loss is required. in respect of investment in OCD, the company assumes that the amount shall be recovered as per terms of repayment and therefore no impairment is required.

**41 Advances to Subsidiary**

**Amount in Lakhs Except Share Data**

| **Particular** | **March 31, 2019** | **March 31, 2018** |
|---|---|---|
| **a) Maximun Amount Outstanding** | | |
| M/s. M B Diamonds LLC ( Subsidiary) | 59.78 | 59.78 |
| M/s. Solitaire Diamond Exports ( a Partnership Firm) | NIL | NIL |
| M/s. Goenka Diamond & Jewels DMCC ( Wholly Owned Subsidiary) | 1,249.95 | 1,249.95 |
| **b) Year End Balance** | | |
| M/s. M B Diamonds LLC ( Subsidiary) | 59.78 | 59.78 |
| M/s. Solitaire Diamond Exports ( a Partnership Firm) | NIL | NIL |
| M/s. Goenka Diamond & Jewels DMCC ( Wholly Owned Subsidiary) | 1,249.95 | 1,249.95 |

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 property, plant & equiptment 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 figures have been re-grouped / re-arranged wherever necessary.

**As per our attached report of even date**
**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**
**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

# INDEPENDENT AUDITOR'S REPORT

**To,**

To the Members of

Goenka Diamond and Jewels Limited

**Report on the Consolidated Ind AS Financial Statements**

**Disclaimer of Opinion**

We were engaged to audit the accompanying consolidated Ind AS 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'), which comprise the Consolidated Balance Sheet as at 31st March, 2019 and the Consolidated Statement of Profit and Loss (including other comprehensive Income), Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying consolidated Ind AS financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this consolidated Ind AS Financial Statements

**Basis for Disclaimer of Opinion**

(a) Refer Note No. 8(b) and 18(b) of the consolidated Ind AS financial statements wherein, 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 ₹ 69,703.18 lacs

ii. Trade payables and other payable amounting to ₹ 29,717.66 lacs

The Holding Company has not provided for cumulative exchange gain (net) on the above items amounting to ₹ 3877.25 lacs including exchange gain amounting to ₹ 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 ₹ 2791.96 Lacs. The Holding Company has not recognized deferred tax asset amounting to ₹ 298.11 lacs on the above cumulative exchange gain (net) including deferred tax credit of ₹ 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. Refer Note No. 19(C) of consolidated Ind AS financial statements wherein it is stated that 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 ₹ 10,400.16 Lacs determined at estimated rates, has not been provided for in the books of accounts including interest amounting to ₹ 3,644.35 Lacs pertaining to the year ended March 31, 2019 respectively. Accordingly, finance cost for the year is understated by ₹ 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 ₹ 126.48 Lacs. Accordingly, Trade Receivables shown under Current Financial Assets are understated by ₹ 5488.97 Lacs, Trade Payables, Interest payable to banks and Other Payables shown under Current Financial Liabilities are understated by ₹ 12011.88 Lacs and Deferred Tax assets are understated by ₹ 298.11 Lacs as at March 31, 2019.

(c) We draw attention to Note No.19(C)(2) and 19(C)(3) of consolidated Ind-AS financial statements 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 ₹ 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) Refer Note no. 8(a) of consolidated Ind AS financial statements regarding non-provision of the expected credit loss/ impairment relating to overdue Trade Receivables of ₹ 75250.59 Lacs 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) Refer Note No. 39(b) of consolidated Ind AS financial statements non-provision of Impairment on investment in an entity by way of Optionally Convertible Debentures amounting to ₹ 559.15 Lacs (including accrued interest) 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 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 ₹ 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.

(h) **Material Uncertainty related to going concern**

The Holding 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, outcome of pending legal action initiated against debtors, impact of actions and forthcoming actions that may be taken by various legal and statutory authorities due to various factors mentioned herein, 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.. 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.

Because of the significance of the matters described above 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 multiple uncertainties and their possible cumulative effect on the financial statements. Accordingly, we do not express an opinion on the consolidated Ind-AS financial statements.

**Responsibilities of Management for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act.

The respective Board of Directors of the companies included in the Group 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our responsibility is to conduct an audit of the Company's consolidated financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated Ind-AS financial statements.

We are independent of the Group in accordance with the Code of Ethics and provisions of the Companies Act, 2013 that are relevant to our audit of the consolidated Ind-AS financial statements in India under the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Companies Act, 2013

**Other Matters**

We did not audit the financial results of three subsidiaries included in the Statement, whose financial results reflects, total assets of ₹ 6160.70 lacs, total revenue of ₹ Nil and total loss after tax of ₹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. Our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of other auditors. Two of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which has been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and obtained fit for consolidation report from other auditors whose report have been relied upon by us. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India and Ind AS conversion adjustments is based on the report of other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our engagement for audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries, as noted in the 'other matter' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b. Due to possible effects of the matters as described in the Basis of Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. Due to effects/ possible effects of the matters described in Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

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

f. The matters described in Basis of Disclaimer of opinion 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.

g. 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;

h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act (as amended), in our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of section 197 of the Act;.

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note No. 37 to the consolidated financial statements.

   ii. The Group has made provision in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company for the year ended March 31, 2019.

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

**Akhil Jain**
Partner
Membership No.137970

Place: Mumbai
Date: May 29, 2019

## Consolidated Balance Sheet as at March 31, 2019

Amount in Lakhs Except Share Data

| Particulars | Note No | March 31, 2019 | March 31, 2018 |
|---|---|---|---|
| **I ASSETS** | | | |
| **1 Non-Current Assets** | | | |
| (a) Property, Plant and Equipment | 3 | 811.28 | 862.23 |
| (b) Financial Assets | | | |
| (i) Investments | 4 | 429.29 | 429.29 |
| (ii) Others financial assets | 5 | 142.22 | 86.83 |
| (d) Deferred tax assets (Net) | 6 | 58.04 | 71.66 |
| **2 Current assets** | | | |
| (a) Inventories | 7 | 3,190.65 | 3,565.65 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 8 | 75,731.42 | 74,909.69 |
| (ii) Cash and cash equivalents | 9 | 49.60 | 44.51 |
| (iii) Bank Balance other than cash and cash equivalent | 10 | 0.10 | 0.65 |
| (iv) Others financial assets | 11 | 50.20 | 33.14 |
| (c) Other current assets | 12 | 48.88 | 52.86 |
| **Total Assets** | | **80,511.68** | **80,056.52** |
| **II EQUITY AND LIABILITIES** | | | |
| **1 Equity** | | | |
| (a) Equity Share capital | 13 | 3,170.00 | 3,170.00 |
| (b) Other Equity | 14 | 21,661.87 | 22,064.34 |
| Equity attributable to the owners of the Company | | **24,831.87** | **25,234.34** |
| (c) Non Controlling Interest | 14 | 6.86 | 6.93 |
| **Total Equity** | | **24,838.73** | **25,241.27** |
| **2 Non-current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15 | - | - |
| (b) Provisions | 16 | 8.13 | 45.69 |
| **3 Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 17 | 251.78 | 251.78 |
| (ii) Trade payables | 18 | | |
| A. Dues to micro and small enterprise | | - | - |
| B. Dues other than micro and small | | 35,939.29 | 35,126.83 |
| (iii) Other financial liabilities | 19 | 18,937.34 | 18,869.11 |
| (b) Other current liabilities | 20 | 118.81 | 116.42 |
| (c) Provisions | 21 | 3.56 | 38.56 |
| (d) Current Tax Liabilities (Net) | 22 | 414.04 | 366.88 |
| **Total Equity and Liabilities** | | **80,511.68** | **80,056.52** |
| **Significant Accounting Policies** | **1 & 2** | | |
| **Other Notes on Financial Statements** | **30 to 42** | | |

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## Consolidated Statement of Profit And Loss For The Year Ended March 31, 2019

**Amount in Lakhs Except Share Data**

| | Particulars | Note No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|---|---|---|---|
| I | Revenue From Operations | 23 | 658.69 | 771.62 |
| II | Other Income | 24 | 63.77 | 59.16 |
| **III** | **Total Income (I+II)** | | **722.46** | **830.79** |
| **IV** | **EXPENSES** | | | |
| | Cost of Material Consumed | 25 | 505.95 | 330.20 |
| | Changes in inventories of finished goods, stock-in trade and work in progress | 26 | 323.47 | 1,155.90 |
| | Employee benefits expenses | 27 | 70.34 | 91.12 |
| | Finance costs | 28 | 59.95 | 58.65 |
| | Depreciation and amortization expense | 3 | 50.95 | 64.19 |
| | Other expenses | 29 | 150.11 | 263.44 |
| | **Total Expenses (IV)** | | **1,160.77** | **1,963.51** |
| **V** | **Profit/(loss) before tax (III- IV)** | | (438.31) | (1,132.72) |
| **VI** | **Tax expense:** | 32 | | |
| | (1) Current tax | | - | - |
| | (2) Deferred tax | | 13.37 | (3.88) |
| **VII** | **Profit/(Loss) for the period (V-VI)** | | **(451.68)** | **(1,128.84)** |
| **VIII** | **Other Comprehensive Income** | | | - |
| | (i) Items that will not be reclassified to profit or loss<br>(a) Remeasurement of defined benefit obligation | 31 | 0.92 | 1.33 |
| | (ii) Income tax on above | | (0.24) | (0.35) |
| | (iii) Items that will be reclassified to profit or loss<br>(a) Net gain/ (loss) on translation of foreign currency operation | | 48.46 | (6.22) |
| | (iv) Income tax on above | | | |
| | **Total other comprehensive income** | | **49.14** | **(5.24)** |
| **IX** | **Total Comprehensive Income for the period (VII+VIII)(Comprising Profit/(Loss) and Other Comprehensive Income for the period)** | | **(402.54)** | **(1,134.07)** |
| X | Profit for the year attributable to: | | | |
| | a) Owners of the parent | | (451.61) | (1,127.57) |
| | b) Non-controlling interests | | (0.07) | (1.27) |
| XI | Other comprehensive income attributable to: | | | |
| | a) Owners of the parent | | 49.14 | (5.24) |
| | b) Non-controlling interests | | - | - |
| XII | Earnings per equity share (face value ₹1/- Per Share) | 36 | | |
| | Basic | | (0.14) | (0.36) |
| | Diluted | | (0.14) | (0.36) |
| | **Significant Accounting Policies** | **1 & 2** | | |
| | **Other Notes to Financial Statements** | **30 to 42** | | |

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## Consolidated Cash Flow Statement For The Year Ended March 31, 2019

**Amount in Lakhs Except Share Data**

| | Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net profit before tax | (438.31) | (1,132.72) |
| | **Adjustment for:** | | |
| | Depreciation | 50.95 | 64.19 |
| | Unrealised Exchange Difference | 48.46 | (6.22) |
| | Gratuity & Leave Liabilities (OCI) | 0.92 | 1.33 |
| | Finance Charges Paid | 59.95 | 58.65 |
| | Interest Income | (61.45) | (55.41) |
| | **Operating Profit before Working Capital Changes** | **(339.48)** | **(1,070.19)** |
| | **Adjustment for** | | |
| | Trade and other receivables(financial and non financial) | (887.97) | 14.04 |
| | Inventories | 375.00 | 1,486.10 |
| | Trade payable | 812.47 | (493.22) |
| | Other liabilities and provision (financial and non financial) | (14.72) | 10.74 |
| | **Cash generated from operations** | **(54.70)** | **(52.52)** |
| | Income Tax Paid (Net) | - | (5.96) |
| | **Net cash from Operating Activities** | **(54.70)** | **(58.48)** |
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Interest Income | 59.08 | 59.60 |
| | **Net cash from investing activities** | **59.08** | **59.60** |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Repayment of Borrowings | - | - |
| | **Net cash from financing activities** | **-** | **-** |
| | Net increase in Cash and Cash equivalent (A+B+C) | 4.39 | 1.12 |
| | Cash and Cash equivalent in the Opening balance | 7.08 | 5.97 |
| | **Cash and Cash equivalent in the Closing balance** | **11.47** | **7.08** |
| | **Note :** | | |
| | **Reconciliation of componenet of cash and cash equivalent:** | | |
| | **Closing Cash and Cash Equivalents as per books** | | |
| | Cash & Cash Equivalents ( Refer Note No. 9) | 11.47 | 7.08 |
| | **Cash and Cash equivalent as per Cash Flow Statement** | **11.47** | **7.08** |
| | Cash in hand | 5.94 | 6.52 |
| | Current Accounts | 5.53 | 0.56 |
| | **Total** | **11.47** | **7.08** |

**Notes:**

1 The Statement of consolidated cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Statement of cash flows notified under Section 133 of The Companies Act 2013, read together with Paragraph 7 of the Companies (Indian Accounting Standard) Rules 2015 (as amended).

2 The Group does not have any cash flow from financing activities. Hence, the disclosure showing movement of cash flows from financing activities is not required.

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

# Consolidated Statement of Changes In Equity March 31, 2019

**A. Equity Share Capital**

| Particulars | (Amount in Lakhs) |
|---|---:|
| **Balance as at April 1, 2017** | **3,170.00** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2018** | **3,170.00** |
| Changes in equity share capital | - |
| **Balance as at March 31, 2019** | **3,170.00** |

**B Other Equity**

**Amount in Lakhs Except Share Data**

| Particulars | Reserves and Surplus | | | Other Comprhensive Income | | Attributable to the owners | Attributable to the non controlling interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Securities Premium Reserve | General Reserve | Retained Earnings | Foreign Currency translation Reserve | Remeasurement of Defined benefit obligation | | | |
| **Balance as at April 1,2017** | **10,885.07** | **99.08** | **11,616.66** | **595.09** | **1.24** | **23,197.14** | **8.20** | **23,205.34** |
| Profit for the year | - | - | (1,127.57) | - | - | (1,127.57) | (1.27) | (1,128.84) |
| Other Comprehensive Income (Net of Tax) | - | - | - | (6.22) | 0.98 | (5.24) | - | (5.24) |
| **Balance as at March 31, 2018** | **10,885.07** | **99.08** | **10,489.08** | **588.87** | **2.23** | **22,064.34** | **6.93** | **22,071.27** |
| Profits for the year | - | - | (451.61) | - | - | (451.61) | (0.07) | (451.68) |
| Other Comprehensive Income (Net of Tax) | - | - | - | 48.46 | 0.68 | 49.14 | - | 49.14 |
| **Balance as at March 31, 2019** | **10,885.07** | **99.08** | **10,037.47** | **637.33** | **2.90** | **21,661.87** | **6.86** | **21,668.73** |

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

Place - Mumbai
Date - May 29, 2019

**For and on behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Note: - 1**

**Corporate Information**

Goenka Diamond and Jewels Limited ("the Holding Company") is a public limited company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of trading and manufacturing of diamond and gold jewellery. The Company is listed on Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

The consolidated financial statement has been approved by the Board of Directors of holding company as on 29th May, 2019.

**Note: - 2**

**I. Basis of preparation and presentation**

*Statement of Compliance:* The Consolidated Financial Statements of M/s. Goenka Diamond & Jewels Limited ('the holding Company') and its Subsidiaries (together referred to as 'GDJL Group') have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended time to time and accounting principles generally accepted in India.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle

b) Held primarily for the purpose of trading, or

c) Expected to be realised within twelve months after the reporting period other than for (a ) above, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle

b) It is held primarily for the purpose of trading

c) It is due to be settled within twelve months after the reporting period other than for (a ) above, or

d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurement are categorized into level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirely, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

**II. Basis of Consolidation**

**i. Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

**ii. Associates**

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

**iii. Joint arrangements**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

**Joint ventures**

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognized at cost in the consolidated balance sheet.

**iv. Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group share of the post-acquisition profits or losses of the investee in profit and loss, and the group share of other comprehensive income of the investee in other comprehensive income.

When the group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Holding Company and its associates and joint ventures are eliminated to the extent of the group interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amounts of equity accounted investments are tested for impairment in accordance with the policy described below.

**v. Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

**III. Summary of significant accounting policies:**

**A. Property, plant and equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using written down value method as per the useful life prescribed in Schedule II to 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.

The group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**B. Intangible assets**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

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

**C. Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the group’s CGUs to which the individual assets are allocated. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

**D. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**As lessor -**

Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Receivables from finance leases, in which the group as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method.

**As Lessee -**

Leases in which the group is the lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other short-term and other non-current liabilities. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the assets and the lease term.

Leases in which the group is the lessee and in which substantially all risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

In case of changes in the provisions of the lease resulting in different classification, the revised agreement is regarded as a new agreement over its term. Gain / loss, if any, resulting from the reclassification is charged to the Statement of Profit and Loss.

**E. Inventories**

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

**F. Revenue recognition**

**IND AS 115: Revenue from contract with customers**

The Group earns revenue primarily from sale of gold and diamond jewellery.

Effective April 1, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Ind AS 115 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted Ind AS 115 using the cumulative effect method. In this method this standard is applied to contracts that are not completed on as at the date of initial application (i.e. April 01, 2018) and the comparative information in the statement of profit and loss is not restated.

There is no impact on the consolidated Ind AS financial statement of the Group on initial application of this standard.

Revenue is recognised upon transfer of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products. In case of sale of gold and diamond jewellery, the revenue is recognised on transfer of control of promised goods to customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue (“contract liability”) is recognised when there are billings in excess of revenues. The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

Contracts are subject to modification to account for changes in contract specification and requirements. The Group reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Group does not have any significant impact on revenue due to application of this standard.

**Use of significant judgements in revenue recognition:**

- The Group’s contracts with customers could include promises to transfer multiple products to a customer. The Group assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Group allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Group uses judgement to determine an appropriate standalone selling price for a performance obligation. The Group allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Group uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

- The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such products, transfer of significant risks and rewards to the customer etc.

The Group does not have any unsatisfied performance obligation as at the year end.

**Interest income**

Interest income is recognised on a time proportion basis following effective interest rate method.

**Dividend income**

Revenue is recognized when the group's right to receive the payment is established, which is generally when shareholders approve the dividend.

**G. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of the borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

**H. Employee benefits**

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The group presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the Statement of profit and loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

**Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the group in respect of services provided by employees up to the reporting date.

**I. Foreign currencies**

The functional currency of the group is determined on the basis of the primary economic environment in which it operates. The functional currency of the Holding Group is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

**J. Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial asset primarily comprise of investments, loans and advances, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade and other payables.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

**I. Financial assets**

**a) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**b) Classification of financial assets**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

1. Financial assets at amortised cost
2. Financial assets at fair value

Where assets are measured at fair value, gains and losses are either recognized in the statement of profit and loss (i.e. fair value through profit and loss) (FVTPL), or recognized in other comprehensive income (i.e. fair value through other comprehensive income) (FVTOCI)

**Financial asset at amortised cost**

**A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:**

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The group has recognized its financial assets at amortised cost.

**c) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in the Statement of Profit and Loss and is included in the 'Other income' line item.

**d) Derecognition of financial assets**

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

**e) Impairment of financial assets**

The group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**II. Financial liabilities and equity instruments**

**a) Classification as debt or equity**

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

**c) Financial liabilities**

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

**Financial liabilities at FVTPL:**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other Income' line item in the Statement of Profit and Loss.

**Other financial liabilities:**

Other financial liabilities (including borrowings and trade and other payables) that are not held-for-trading and are not designated as at FVTPL are subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities:**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit or Loss.

**K. Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

**Current tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward as per tax laws. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal income tax during the specified period.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group has not recognised deferred tax assets on unabsorbed depreciation and carried forward of losses due to lack of reasonable certainty that future taxable income will be there against which such deferred tax assets can be set off,

**Current and deferred tax for the period**

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**L. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

**M. Earnings per share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**IV. Key sources of estimation uncertainty and critical accounting judgements**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group’s accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

i) **Going Concern**

The management at each close makes an assessment of the Group's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverable amount and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the consolidated financial statements are based on the Group's assessment that the Group will continue as a going concern.

ii) **Useful lives of property, plant and equipment and intangible assets**

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

iii) **Impairment of non-financial assets**

The management performs annual impairment tests on cash generating units and capital work-in-progress for which there are indicators that the carrying amount might be higher than the recoverable amount. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

iv) **Income Taxes**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

v) **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 31.

vi) **Recoverability of financial assets**

Assessments of recoverability of trade receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. See Note 8 for further disclosures on impairment of trade receivables.

### V. Standards issued but not yet effective and have not been adopted early by the Company

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Group has not applied as they are effective from April 1, 2019:

**Ind AS 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group is in the process of assessing IND AS 116's full impact and intends to adopt Ind AS 116 no earlier than the accounting period beginning on or after 01 April 2019

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group does not currently have any such kind of instruments.

**Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

## NOTES FORMING PART OF CONSOLIDATED IND AS FINANCIAL STATEMENT

**3 Property, Plant and Equipment**

Amount in Lakhs Except Share Data

| Cost/ Valuation | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2017** | **42.41** | **668.41** | **680.14** | **153.30** | **22.98** | **16.96** | **62.05** | **112.80** | **73.38** | **146.14** | **1,978.58** |
| Additions | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2018** | **42.41** | **668.41** | **680.14** | **153.30** | **22.98** | **16.96** | **62.05** | **112.80** | **73.38** | **146.14** | **1,978.58** |
| Additions | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - |
| **At March 31, 2019** | **42.41** | **668.41** | **680.14** | **153.30** | **22.98** | **16.96** | **62.05** | **112.80** | **73.38** | **146.14** | **1,978.58** |

Amount in Lakhs Except Share Data

| Depreciation and impairment | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April 2017** | **26.04** | **111.40** | **383.85** | **113.97** | **20.18** | **14.96** | **57.73** | **108.17** | **69.72** | **146.14** | **1,052.16** |
| Depreciation expense | 2.83 | 22.28 | 20.07 | 17.19 | 0.93 | 0.65 | - | 0.24 | - | - | 64.19 |
| Disposal | - | - | - | | - | - | - | - | - | | - |
| **At March 31, 2018** | **28.86** | **133.68** | **403.92** | **131.16** | **21.12** | **15.61** | **57.73** | **108.41** | **69.72** | **146.14** | **1,116.35** |
| Depreciation expense | 2.83 | 22.28 | 18.57 | 6.20 | 0.61 | 0.44 | - | 0.03 | - | - | 50.95 |
| Disposal | - | - | - | - | - | - | | - | - | | - |
| **At March 31, 2019** | **31.69** | **155.96** | **422.49** | **137.36** | **21.72** | **16.04** | **57.73** | **108.43** | **69.72** | **146.14** | **1,167.30** |

Amount in Lakhs Except Share Data

| Net Carrying Amount | Lease Hold Land | Lease Hold Factory Land | Buildings | Plant & Machinery | Electric Installation | Furniture & Fixtures | Vehicles | Office Equipement | Computers | Improvement on Leasehold Premises | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2019** | 10.72 | 512.45 | 257.66 | 15.94 | 1.26 | 0.92 | 4.31 | 4.37 | 3.66 | - | **811.28** |
| **At March 31, 2018** | 13.55 | 534.73 | 276.22 | 22.14 | 1.87 | 1.35 | 4.31 | 4.39 | 3.66 | - | **862.23** |

**Notes**

1 Building includes Flat at Jaipur which is not yet registered in the name of the company.

2 Building includes 5 No. shares held in Mount Unique CHS.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 4 Non current financial asset- Investment

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Investment in Optionally Convertible Debenture (Unquoted)** | | |
| **At amortised cost** | | |
| 4,90,000, 12% optionally convertible debentures of Gem Gold Mining Pvt. Ltd. | 429.29 | 429.29 |
| **Total** | **429.29** | **429.29** |

**a. Details of Investment in OCD**

| Notes:- | 31.03.2019 | 31.03.2018 |
|---|---|---|
| Aggregate amount of Non Quoted Investment | 429.29 | 429.29 |
| Aggregate amount of provision for diminution in value of Investment | - | - |

### 5 Other non-current financial assets

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured and considered good** | | |
| Bank deposits # | 3.54 | 3.49 |
| Interest accrued but not due on OCD's | 129.87 | 74.58 |
| Security Deposit ## | 8.80 | 8.76 |
| **Total** | **142.22** | **86.83** |

# These deposits are pledged with Banks and various authorities with maturity more than 12 months.

## Includes ₹ 1 lakh (P/Y ₹ 2 lakhs) security deposit given to Chairman, Managing Director and their relatives.

### 6 Deferred Tax Assets (Net)

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| On account of Gratuity & Compensated Absences | 28.26 | 28.50 |
| On account of Depreciation | 12.87 | 25.31 |
| On 43 Items | 5.57 | 5.78 |
| On Interest recognition | 11.34 | 12.07 |
| **Total** | **58.04** | **71.66** |

**Notes**

1. The management has not created deferred tax assets on unabsorbed depreciation and carried forward of losses due to lack of reasonable certainty that sufficient future taxable income will be there against which deferred tax assets will be set off, .
2. Net deferred tax charge / (credit) for the year of ₹ 13.61 lakhs (Previous year (₹ 3.54 lakhs)) has been recognised in the Statement of Profit and Loss for the year.

### 7 Inventories (at cost or NRV whichever is lower)

**(As taken, valued and certified by management)**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Raw Materials | 2,356.09 | 2,420.00 |
| Finished Goods | 834.56 | 1,145.65 |
| **Total** | **3,190.65** | **3,565.65** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 8 Trade Receivables

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured and which have significant increase in credit risk** | | |
| Others | 75,731.42 | 74,909.69 |
| **Total** | **75,731.42** | **74,909.69** |

**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 recieved by these trade receivables. The group is taking all possible efforts to recover old trade receivables and had initiated legal action whereever considered necessary. However, looking at the past record regarding recovery from Trade receivables, the management is of the opinion that looking to the uncertainity regarding time frame and quantum of realisation from these trade receivables, amount of expected credit loss required to be recognised cannot be estimated and therefore no provision for expected credit loss is required to be made against these trade receivables.

**b** Contrary to Ind AS 21, trade receivables denominated in foreign currency amounting to ₹ 69,703.18 lakhs 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 group shall account for the actual exchange difference at the time of realization of these trade receivables. Consequently, the trade receivables are understated ₹ 5,488.97 lakhs as at the year end (Previous Year ₹ 775.04 lakhs). .

### 9 Cash and cash equivalents

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **(a) Balances with bank** | | |
| In current account | 43.66 | 37.99 |
| **(b)** Cash on hand | 5.94 | 6.52 |
| **Total** | **49.60** | **44.51** |
| **Cash and cash equivalent as per Ind AS-7** | 11.47 | 7.08 |

### 10 Bank balances other than cash and cash equivalent

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Unpaid Dividend | 0.10 | 0.65 |
| **Total** | **0.10** | **0.65** |

### 11 Other current financial assets

Amount in Lakhs Except Share Data

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Unsecured and Considered good** | | |
| Interest Accrued on deposits | 0.60 | 0.40 |
| Others | 49.61 | 32.75 |
| **Total** | **50.20** | **33.14** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**12 Other current assets**

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Advance to employees | 0.73 | 0.90 |
| Prepaid Expenses | 1.33 | 7.35 |
| Advance to vendors | 6.50 | 2.71 |
| Balances with Tax Authorities | 40.33 | 41.91 |
| **Total** | **48.88** | **52.86** |

**13 Share Capital**

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

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Authorised Share Capital** | | | | |
| Equity Shares of ₹ 1/- each fully paid up | 330000000 | 3,300.00 | 330000000 | 3,300.00 |
| (P/Y ₹ 1/- per share fully paid up) | | | | |
| **Issued, Subscribed and Paid up** | | | | |
| Equity Shares of ₹ 1/- each fully paid up | 317000000 | 3,170.00 | 317000000 | 3,170.00 |
| | | **3,170.00** | | **3,170.00** |

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

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|---|---|---|---|
| | Equity Shares | | Equity Shares | |
| | Number | Amount | Number | Amount |
| **Equity Shares:** | | | | |
| Shares outstanding at the beginning of the year | 317000000 | 3,170.00 | 317000000 | 3,170.00 |
| Shares Issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 317000000 | 3,170.00 | 317000000 | 3,170.00 |

**c Rights, preferences and restrictions attached to shares:**

**i.** 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.

**ii.** Subsequent to dispute between promoters during the year under review, hon'ble Company Law Board (CLB) has directed that 409.76 Lakhs equity shares of Goenka Diamond & Jewels Limited shall not carry any voting rights, pending the disposal of company petition before CLB.

**iii.** During the previous year PNB has sold 409.76 lakhs equity shares of promoters pledged with consortium against the borrowing limits. The sale proceed of these shares have not been adjusted by the PNB against the outstanding dues and therefore no adjustment for the same has been made in the books of account.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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

**(Number in Lakhs)**

| **Name of Shareholders** | **As at March 31, 2019** | | **As at March 31, 2018** | |
|---|---|---|---|---|
| | **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** |
| **Equity Shares:** | | | | |
| Nandlal Goenka (Refer Note No. 14 c (iii)) | 5,600,625 | 1.77% | 5,600,625 | 1.77% |
| Nitin Goenka (Refer Note No. 14 c (ii)) | - | 0.00% | - | 0.00% |
| Navneet Goenka (Refer Note No. 14 c (iii)) | 91,126,875 | 28.75% | 91,126,875 | 28.75% |
| Nand Lal Goenka (HUF) | 34,200,000 | 10.79% | 34,200,000 | 10.79% |
| Nirmala Goenka (Refer Note No. 14 c (ii)) | 51,326,250 | 16.19% | 51,326,250 | 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.

### 14 Other Equity

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Securities Premium Reserve | 10,885.07 | 10,885.07 |
| General Reserve | 99.08 | 99.08 |
| *Retained Earnings* | 10,037.47 | 10,489.08 |
| **Other Comprehensive Income** | | |
| *Foreign Currency Translation Reserve* | 637.33 | 588.87 |
| Remeasurment of Defined Benefit Plan | 2.91 | 2.23 |
| **Total Equity attributable to the owner** | **21,661.87** | **22,064.34** |
| Non Controlling Interest | 6.86 | 6.93 |
| **Total** | **21,668.73** | **22,071.27** |

a. **Retained earnings**

Retained earnings are the profits of the group earned till date after all distribution made to shareholders.

b. **Securities Premium Reserve**

This reserve is created by excess of amount received over face value of shares. This reserve will be utlilised as per the provision of Companies Act, 2013.

c. **General Reserve**

This reserve is created by transferring amount from retained earning. This reserve is freely available for distribution

### 15 Borrowing

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| **Secured** | | |
| Corporate Loan<br>(Since recalled shown as "Other Current Financial Liabilities")<br>(Refer Note No.19) | - | - |
| **Total** | **-** | **-** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**A Nature of Security**
**Credit Facilities are secured by:**
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 lakhs 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 showns under “Other Current Financial Liabilties” (refer note no. 19)

### 16 Provision

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision For Employee Benefits:** | | |
| Provision for Gratuity (refer note 31) | 7.00 | 42.87 |
| Provision for Compensated Absences (refer note 31) | 1.12 | 2.82 |
| **Total** | **8.13** | **45.69** |

During the previous year, the group has recorded provision for gratuity and leave encashment in excess of acturial valuation. In current year, the difference between acturial valuation and book liability is shifted to other financial liabilities and in provision, liability as per acturial valuation is recorded.

### 17 Short Term Borrowing

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Secured** | | |
| Pre-shipment Loan | - | - |
| Post-shipment Loan | - | - |
| **Unsecured** | | |
| Others | 251.78 | 251.78 |
| **Total** | **251.78** | **251.78** |

**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 continuiing defaults (#) as at Balance Sheet date of loans recalled by banks and disclosed under **"Other Current Financial Liabilties"**

### 18 Trade Payable

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Trade Payable** | | |
| Micro and small medium enterprise | - | - |
| Others | 35,939.29 | 35,126.83 |
| **Total** | **35,939.29** | **35,126.83** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**a.** 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 group and relied upon by the auditors.

**b.** Contrary to IND AS 21, trade payables denominated in foreign currency amounting to ₹ 29,717.66 lakhs 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 payament of these trade payables which is dependent of recovery from trade receivables. 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 ₹ 1,611.26 lakhs as at the year end (Previous Year overstated by ₹ 310.37 lakhs.).

**19 Other Current Financial Liabilities** **Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Loans Facilities Recalled by Banks** | | |
| 1) Post - Shipment Loans | 9,494.82 | 9,494.82 |
| 2) Pre - Shipment Loans | 3,320.34 | 3,320.34 |
| 3) Corporate Loan | 1,111.70 | 1,111.70 |
| 4) Overdrawn Balances in Bank Current Account | 2,471.64 | 2,471.64 |
| 5 )ARC Account | 1,761.22 | 1,761.22 |
| Interest accrued and due on borrowings | 530.79 | 530.79 |
| Unclaimed Dividend | 0.10 | 0.65 |
| Employee benefit payables | 5.55 | 7.26 |
| Due to director's in current account | 87.39 | 102.67 |
| Other Payables | 153.80 | 68.03 |
| **Total** | **18,937.34** | **18,869.11** |

**Notes:**

A.: Loan facilities recalled by banks include ₹ 9,770.13 lakhs (Previous year ₹ 4,930.86 lakhs) being outstanding loan for which neither bank statement nor confirmations of balance were received.

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

C. Details of Continuing Defaults

**Amount in Lakhs Except Share Data**

| Name of Bank | Date of Default | Amount |
|---|---|---|
| Central Bank of India -Post & Pre Shipment Loans | Jan 2014 | 1,032.78 |
| Corporation Bank - Post & Pre Shipment Loans and Term Loan | 21/04/2016 | 2,284.80 |
| Punjab National Bank - Post & Pre Shipment Loans and Term Loan | 31/03/2016 | 4,493.31 |
| Punjab & Sind Bank - Post & Pre Shipment Loans | 30/06/2014 | 3,141.25 |
| State Bank of India - Post Shipment Loans | 21/03/2016 | 884.85 |
| AXIS Bank - Post & Pre Shipment Loans and Term Loan | 31/07/2016 | 2,089.86 |
| UCO Bank - Alchemist ARC Ltd | 04/04/2016 | 1,002.40 |
| Karnataka Bank - Alchemist ARC Ltd | 29/06/2016 | 758.82 |
| Axis Bank Ltd - Overdrawn Balances in Bank Current Account | 31/07/2016 | 1,362.64 |
| Corporation Bank - Overdrawn Balances in Bank Current Account | 21/04/2016 | 15.31 |
| Punjab National Bank - Overdrawn Balances in Bank Current Account | 31/03/2016 | 2.84 |
| Punjab Sindh Bank - Overdrawn Balances in Bank Curren Account | 30/06/2014 | 1,090.84 |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1. Date of default is considered as date of NPA
2. The above defaults does not includes defaults of payment of interests, as the company is not accounting for any interest from April 1, 2016 even though the banks have either charged interest but subsequently reversed or have not charged interest. Further, it has been decided by the Board not to provide any interest amounting to ₹ 10400.16 lakhs (Current year interest ₹ 3644.35 lakhs) ( Previous Year ₹ 3970.33 lakhs) as calculated by the management @17 % (approx) on working capital borrowing availed by the Company, due to pending proposal for settlement of entire dues, envisaging part-payment of principal amount due to the banks. 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 above "Other Current Financial Liabilities".
3. 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 Holding 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 withdraw the demand notices already issued and prayed for liberty to issue fresh demand notices. Consequential 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 ₹ 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, 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 holding company to banks has been rejected by the some banks and some bank has requested to improve the OTS proposal.

**20 Other Current Liabilities** **Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Statutory Dues( including PF,TDS, GST etc.) | 118.81 | 116.42 |
| **Total** | **118.81** | **116.42** |

**21 Provision** **(Amount in Lakhs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Provision for employee benefits:** | | |
| Provision for Gratuity (refer note 31 ) | 3.12 | 38.05 |
| Provision for Compensated Absences (refer note 31 ) | 0.43 | 0.51 |
| | - | - |
| **Total** | **3.56** | **38.56** |

During the previous year, the group has recorded provision for gratuity and leave encashment in excess of acturial valuation. In current year, the difference between acturial valuation and book liability is shifted to other financial liabilities and in provision, liability as per acturial valuation is recorded.

**22 Current Tax liabilities** **(Amount in Lakhs)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Provison for Tax (Net of advances tax as at March 31, 2019; ₹ 1131.59 lakhs, As at March 31, 2018; ₹ 1136.64 lakhs ) | 414.04 | 366.88 |
| **Total** | **414.04** | **366.88** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**23 Revenue from Operations** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Sale of Products | 658.69 | 771.62 |
| **Total** | **658.69** | **771.62** |

**24 Other Income** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Interest | 61.45 | 55.41 |
| **Other income** | | |
| a) Liabillity no longer required | 1.09 | - |
| b) Other Income | 1.23 | 3.75 |
| **Total** | **63.77** | **59.16** |

**25 Cost of Raw Material Consumed** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening Stock of Raw Material / Material in process | 2,346.41 | 2,676.62 |
| Add: Purchases | 454.41 | - |
| | **2,800.82** | **2,676.62** |
| **Less:** | | |
| Closing Stock of Raw Material / Material in process | 2,294.87 | 2,346.41 |
| **Total** | **505.95** | **330.20** |

**26 Changes in Inventories of finished goods, stock-in-trade and work in progress** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Opening Stock of Finished Goods | 1,219.24 | 2,375.14 |
| **Less:** | | |
| Closing Stock of Finished Goods | 895.77 | 1,219.24 |
| **Total** | **323.47** | **1,155.90** |

Change in inventories includes ₹ 205.91 lakhs (previous year ₹ 800.56 lakhs, being the allowance for slow and moving inventory made by one the subsidiary namely M/s. Goenka Diamond & Jewels, DMCC - Dubai

**27 Employee Benefit Expenses** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Salaries, Bonus and Wages etc. | 66.14 | 85.80 |
| Contribution to provident/ pension & other funds | 3.23 | 3.68 |
| Staff welfare expenses | 0.97 | 1.64 |
| **Total** | **70.34** | **91.12** |

**28 Finance Cost** — **(Amount in Lakhs)**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Interest** | | |
| Other Finance Charges | 1.79 | 0.34 |
| Interest on Delayed Payment of Taxes | 58.16 | 58.32 |
| **Total** | **59.95** | **58.65** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**29 Other expenses** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Manufacturing Expenses** | | |
| Electricity & Water expenses | 0.69 | 0.75 |
| Factory Rent | 2.40 | 1.74 |
| **Administrative & Selling Expenses** | | |
| Rent, Rates and Taxes | 23.52 | 25.95 |
| Water & Electricity | 6.17 | 6.95 |
| Insurance | 0.84 | 1.11 |
| Travelling and Conveyance | 6.16 | 1.32 |
| Legal and Professional | 8.08 | 45.94 |
| Postage and Telephone | 2.15 | 3.05 |
| Printing and Stationery | 1.72 | 1.87 |
| Advertisement and Business Promotion | 5.78 | 4.39 |
| Directors' Remuneration | 10.80 | 10.80 |
| Director's Sitting Fees | 1.50 | 3.46 |
| Misc. Expenses | 11.92 | 33.20 |
| Repair & Maintenance | 2.79 | 2.57 |
| Brokerage and Commission | 0.90 | - |
| **Auditors' Remuneration** | | |
| - Statuary Audit Fees and taxation matters | 6.45 | 8.47 |
| - Reimbursement Of Expenses | 0.15 | 0.54 |
| Exchange Fluctuation (Net) | 58.08 | 111.31 |
| **Total** | **150.11** | **263.44** |

**30 Financial Instruments**

The significant accounting policies, including the criteria of recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability are disclosed in note 4-5,8-11,15,17-19 of the Ind AS financial statements.

**(a) Financial assets and liabilities**

The carrying value of financial instruments by categories is as follows:

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Financial assets - measured at amortised cost** | | |
| Investment | 429.29 | 429.29 |
| Trade receivables | 75,731.42 | 74,909.69 |
| Cash and cash equivalent | 49.60 | 44.51 |
| Bank balances other than cash and cash equivalent | 0.10 | 0.65 |
| Other financial assets | 192.42 | 119.97 |
| **Total financial assets** | **76,402.83** | **75,504.12** |
| **Financial liabilities - measured at amortised cost** | | |
| Borrowings | 251.78 | 251.78 |
| Trade Payable | 35,939.29 | 35,126.83 |
| Other Financial liabilities | 18,937.34 | 18,869.11 |
| **Total financial liabilities** | **55,128.41** | **54,247.71** |

**Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are whether observable or unobservable and consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**(b) Financial Risk Management**

The Board of Directors reviews the risk management policy from time to time and the said policy aims at enhancing shareholders' value and providing an optimum risk-reward trade off. The risk management approach is based on clear understanding of variety of risk that the organization faces, disciplined risk monitoring and measurement and continuous risk assessment and mitigation measures.

A brief description of the various risks which the company is likely to face are as under:

**(i) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risk: interest rate risk, credit and default risk and liquidity risk. Financial instruments affected by market risk include loans and borrowings, deposits and FVTPL investments.

**(ii) Interest Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company borrowings from banks which have been declared NPA by the banks and interest at a higher rate is charged by the banks. So, interest rate risk is high in case of Company.

**Interest rate sensitivity analysis**

The sensitivity analyses have been determined based on the exposure to interest rates for both fixed and floating rate borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Since all the consortium bankers has recalled their loans, details of interest charged by banks are not available from FY 2016-17 onwards, hence disclosure required for interest rate senility cannot be given.

**(iii) Credit Risk and Default Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables, business advances/deposit given) and from its investing activities (primarily loans granted to Subsidiaries, various parties including related parties). Since, the Company is not able to timely realize amount due from trade receivables and subsidiaries credit risk in case of Company is very high.

**(iv) Liquidity risk**

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and loans. The present liquidity position of the company is constrained as the borrowings from banks have been declared NPA and no operations are allowed by the banks. Due to account being declared NPA, the company is not able to obtain new finance from banks and the promoters are also unable to infuse fresh funds which can be utilised for the purpose of business. To mitigate this deadlock, the promoters and Company is taking all efforts to settle its dues with banks by way of one-time settlements.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Amount in Lakhs Except Share Data**

| Particulars | Amount payable during below period | | |
|---|---|---|---|
| | As at March 31, 2019 | Within 1 year | More than 1 year |
| **Financial liabilities** | | | |
| Current borrowings | 251.78 | 251.78 | - |
| Trade payables | 35,939.29 | 35,939.29 | - |
| Other financial liabilities | 18,937.34 | 18,937.34 | - |
| **Total** | **55,128.41** | **55,128.41** | **-** |

**Amount in Lakhs Except Share Data**

| Particulars | Amount payable during below period | | |
|---|---|---|---|
| | As at March 31, 2018 | Within 1 year | More than 1 year |
| **Financial liabilities** | | | |
| Current borrowings | 251.78 | 251.78 | - |
| Trade payables | 35,126.83 | 35,126.83 | - |
| Other financial liabilities | 18,869.11 | 18,869.11 | - |
| **Total** | **54,247.71** | **54,247.71** | **-** |

**(v) Foreign Currency Risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Establishment's functional currency. The company have significant currency risk as the company have significant amount outstanding which is denominated in foreign currency all the foreign currency exposure of the company is unhedged.

**Foreign currency risk management**

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Quarterly reports are submitted to Board of Directors on the unhedged foreign currency exposures.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of March 31, 2019 is as follows.

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | | |
|---|---|---|---|
| | USD | INR | Total |
| **Financial assets** | | | |
| (a) Trade Receivables | 75,179.79 | 551.63 | 75,731.42 |
| (b) Cash and cash equivalents | 1.07 | 48.53 | 49.60 |
| (c) Bank balances other than above | - | 0.10 | 0.10 |
| (d) Investment | - | 429.29 | 429.29 |
| (e) Other financial assets | 1.01 | 191.41 | 192.42 |
| **Total financial assets** | **75,181.87** | **1,220.96** | **76,402.83** |
| **Financial Liabilities** | | | |
| (a) Short term borrowing | - | 251.78 | 251.78 |
| (b) Trade payables | 35,400.89 | 538.40 | 35,939.29 |
| (c) Other Financial liabilities | 218.02 | 18,719.32 | 18,937.34 |
| **Total financial liabilities** | **35,618.91** | **19,509.50** | **55,128.41** |
| **Excess of financial liabilities over financial assets** | **(39,562.96)** | **18,288.54** | **(21,274.42)** |
| **Hedge for foreign currency risk** | **-** | **-** | **-** |
| **Net exposure of foreign currency risk** | **(39,562.96)** | **18,288.54** | **(21,274.42)** |
| **Sensitivity impact on Net liabilities/(assets) exposure at 5%** | **(1,978.15)** | **NA** | **(1,978.15)** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of March 31, 2018 is as follows.

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2018 | | |
|---|---|---|---|
| | USD | INR | Total |
| **Financial assets** | | | |
| (a) Trade Receivables | 74,838.89 | 70.80 | 74,909.69 |
| (b) Cash and cash equivalents | 1.06 | 43.45 | 44.51 |
| (c) Bank balances other than above | - | 0.65 | 0.65 |
| (d) Investment | - | 429.29 | 429.29 |
| (e) Other financial assets | 4.37 | 115.60 | 119.97 |
| **Total financial assets** | **74,844.32** | **659.79** | **75,504.11** |
| **Financial Liabilities** | | | |
| (a) Current borrowing | - | 251.78 | 251.78 |
| (b) Trade payables | 35,052.35 | 74.48 | 35,126.83 |
| (c) Other Financial liabilities | 208.45 | 18,660.66 | 18,869.11 |
| **Total financial liabilities** | **35,260.80** | **18,986.91** | **54,247.71** |
| **Excess of financial liabilities over financial assets** | **(39,583.52)** | **18,327.12** | **(21,256.40)** |
| **Hedge for foreign currency risk** | **-** | **-** | **-** |
| **Net exposure of foreign currency risk** | **(39,583.52)** | **18,327.12** | **(21,256.40)** |
| **Sensitivity impact on Net liabilities/(assets) exposure at 5%** | **(1,979.18)** | **NA** | **(1,979.18)** |

**(c) Capital Management**

For the purposes of the group's capital management, capital includes share capital. The primary objective of the group's capital management is to maximise shareholders' value. The group manages its capital structure and market adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The gearing ratio at the end of reporting period was as follows

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Gorss Debt | 18,411.48 | 18,411.48 |
| Cash and cash equivalents | (49.60) | (44.51) |
| **Net Debt (A)** | **18,361.88** | **18,366.97** |
| **Total Equity as per Balance Sheet (B)** | 24,831.87 | 25,234.34 |
| **Gearing ratio (A/b)** | 0.74 | 0.73 |

**31** As per Ind AS 19, "Employee Benefits", the disclosure of employee benefits as defined in AS is given below.

**Defined Contribution Plans:**

1. Providend Fund
2. State Defined Contribution Plan
3. Employers Contribution to Employees State Insurance

These Contributions are recognised as an expense in Note No. 27 "Employee Benefit Expenses" of the Statement of Profit and Loss.

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Employers Contribution to Provident Fund | 1.95 | 2.00 |
| Employers Contribution to Employee State Insurance | 0.36 | 0.36 |
| Employers Contribution to Maharashtra Labour Welfare Fund | - | - |
| | **2.31** | **2.36** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Defined Benefit Plan**

The Group provides gratuity benefits to its employees as per the statute. Present value of gratuity obligation (Non-Funded) based on actuarial valuation done by an independent valuer using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at March 31, 2019.

**31.1** Reconciliation of opening and closing balances of Defined Benefit Obligation:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| **Net Liability at the beginning of the period** | **9.00** | **11.53** |
| Benefit Paid | - | (4.94) |
| Interest cost | 0.58 | 0.73 |
| Current Service cost | 1.46 | 2.16 |
| Past Service Cost | - | 0.84 |
| Remeasurements on obligation - Gain/(Loss) | (0.92) | (1.33) |
| **Liability at the end of the period** | **10.13** | **9.00** |

**31.2** Reconciliation of fair value of plan assets and obligations:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Liability at the end of the period | 10.13 | 9.00 |
| Fair value of Plan Assets at the end of the period | - | - |
| **Surplus / (Deficit)** | **(10.13)** | **(9.00)** |
| Current Liability (refer Note 21) | 3.12 | 38.05 |
| Non Current Liability (refer Note 16) | 7.00 | 42.87 |
| **Amount Recognised in the Balance Sheet** | **10.13** | **80.92** |

Based on the Acturial Valuation by Independent Actuary, there is decreased in gratuity obligation by ₹ 71.91 lakhs as at March 31, 2018. However, the Group as at March 31, 2018 has continued with the existing provision and has not reversed such decrease in obiligation. Whereas, during the current year, the Group has recorded provision as per actuarial valuation and excess liability recorded during previous year is shifted to other current financial liabilities.

**31.3** Expense recognized during the period:

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Current service cost | 1.46 | 2.16 |
| Past service cost and loss/(gain) on curtailments and settlement | - | 0.84 |
| Net Interest (Income) / Cost | 0.58 | 0.73 |
| Expected Return on Plan Assets | | - |
| **Expenses Recognised in Statement of Profit and Loss** | **2.04** | **3.74** |

**31.4** Expense recognized during the year in Statement of OCI

**Amount in Lakhs Except Share Data**

| **Particulars** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Actuarial (gain)/loss | (0.92) | (1.33) |
| **Expense Recognised in OCI** | **(0.92)** | **(1.33)** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**31.5** Actuarial Assumptions:

**Amount in Lakhs Except Share Data**

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** |
|---|---|---|
| Mortality table | Indian Assured Live Mortality (2006-08) | Indian Assured Live Mortality (2006-08) |
| Discount rate | 7.50% | 7.55% |
| Salary growth rate | 7.00% | 7.00% |
| Expected Rate of Return | NA (Non-Funded) | NA (Non-Funded) |

The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is extracted from the report obtained from Actuary.

**Risk exposure and asset liability matching**

***Liability Risks:-***

**(a) Asset-liability Mismatch Risk**

Risk which arise if there is a mismatch in the duration of the assets relative to the liabilities by mismatching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

Hence Companies are encouraged to adopt assets- Liability management.

**(b) Discount Rate Risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

**(c) Future salary Escalation and inflation risk**

Since the price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments regulating in a higher present value of liabilities especially unexpected salary increases provide at management's discretion may lead to uncertainties in estimating this increasing risk.

**(d) Unfunded Risk**

This represents unmanaged risk and growing liability. There is an inherent risk here that the Group may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in Group's financials and also benfit risk through return on the funds made available for the plan.

There is no contribution under defined contribution plans and defined benefit plans in respect of Key Management Personnel.

**31.6** Expected future benefit payments:

The following benefits payments, for each of the next five years and the aggregate five years thereafter, after expected to be paid:

**Amount in Lakhs Except Share Data**

| **Year** | **Expected Benefit Payment** |
|---|---|
| 1 | 3.12 |
| 2 | 0.82 |
| 3 | 0.78 |
| 4 | 0.71 |
| 5 | 1.52 |
| 6 to 10 | 2.75 |
| **Projected benefit Obligation** | **9.70** |

The Expected contribution for the next year is ₹3.12 lakhs/-

The average outstanding term of obligation (years) as at valuation date is 6.63 year.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**31.7 Sensitivity Analysis**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Defined benefit obligation (DBO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact.

(a) The current service cost recognised as an expenses included in the Note 27 'Employee benefits expense' as gratuity. The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**(a)** Impact of change in discount rate, future salary increase, withdrawal rate on defined benefit obligation when base assumption is decreased/increased.

**Amount in Lakhs Except Share Data**

| **Year** | **31/03/2019** | |
|---|---|---|
| **Sensitivity Level** | **Defined benefit obligation** | |
| **Assumptions** | **Increase** | **Decrease** |
| Discount rate (+/- 0.50%) | 9.84 | 10.44 |
| Salary growth rate (+/- 0.50%) | 10.44 | 9.84 |
| Withdrawal rate (+/- 10% of withdrawal rate) | 10.15 | 10.10 |

**Amount in Lakhs Except Share Data**

| **Year** | **31/03/2018** | |
|---|---|---|
| **Sensitivity Level** | **Defined benefit obligation** | |
| **Assumptions** | **Increase** | **Decrease** |
| Discount rate (+/- 0.50%) | 8.74 | 9.28 |
| Salary growth rate (+/- 0.50%) | 9.27 | 8.75 |
| Withdrawal rate (+/- 10% of withdrawal rate) | 9.01 | 8.99 |

**(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. ₹. 4.31 lakhs)**

**Amount in Lakhs Except Share Data**

| **Description** | **Year ended March 31, 2019** | **Year ended March 31, 2018** |
|---|---|---|
| Unfunded obligation recognised in the Balance Sheet | 1.56 | 3.33 |
| **Shown as** | | |
| Non-Current Provision (refer note no. 16) | 1.12 | 2.82 |
| Current Provision (refer note no. 21) | 0.43 | 0.51 |

**32 Income Taxes**

Indian companies are subject to Indian income tax on a standalone basis. Group is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the group profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax ("MAT").

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. The adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 25% plus a surcharge and higher education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 18.5% plus surcharge and higher education cess. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the fiscal year in which MAT credit arises subject to the limits prescribed.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

a) **Income taxes expenses**

**Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| **Recognised in Statement of Profit and Loss** | | |
| **Current tax** | | |
| In respect of the current year | - | - |
| **Deferred tax** | | |
| In respect of the current year | 13.37 | (3.88) |
| **Recognised in Other Comprehensive Income** | | |
| **Deferred tax** | | |
| In respect of the current year | (0.24) | (0.35) |
| **Total** | **13.61** | **(3.54)** |

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognise income tax expense for the year indicated are as follows :

**Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| **Accounitng profit before income tax** | **(438.31)** | **(1,132.72)** |
| Statutory income tax rate | 26.00% | 25.75% |
| Tax at statutory income tax rate of 34.608% | **(113.96)** | **(291.68)** |
| **Tax Effect of:** | | |
| 43B disallowance | 0.44 | (4.51) |
| DTA not recognise on loss | 113.96 | 291.68 |
| Difference between book base and tax base of Property, Plant and Equipment | 12.20 | 1.91 |
| Tax effect on Ind AS adjustment | 0.73 | (1.29) |
| Deferred tax liabilities on Employee benefit Expense | 0.24 | 0.35 |
| **Income taxes recognised in the statement of income** | **13.61** | **(3.54)** |

**Deferred tax assets and liabilities** **Amount in Lakhs Except Share Data**

| Deferred tax balances in relation to | As at April, 2018 | Charge / (credit) during the year | As at March 31, 2019 |
|---|---|---|---|
| Property, plant and equipment | 25.31 | 12.44 | 12.87 |
| Gratuity and leave encashment | 28.50 | 0.24 | 28.26 |
| 43B items | 5.78 | 0.20 | 5.57 |
| Interest income on EIR basis | 12.07 | 0.73 | 11.34 |
| **Total deferred tax for the year** | **71.66** | **13.61** | **58.04** |

**Amount in Lakhs Except Share Data**

| Deferred tax balances in relation to | As at April, 2017 | Charge / (credit) during the year | As at March 31, 2018 |
|---|---|---|---|
| Property, plant and equipment | 26.79 | 1.48 | 25.31 |
| Gratuity and leave encashment | 27.78 | (0.72) | 28.50 |
| 43B items | 2.78 | (3.00) | 5.78 |
| Interest income on EIR basis | 10.78 | (1.29) | 12.07 |
| **Total deferred tax for the year** | **71.66** | **(3.54)** | **71.66** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**33 Detail of Subsidiaries / Associate and Composition of Group**

Following subsidiaries have been considered in the preparation of consolidated financial statements.

| Sr. No. | Name of the Company | Country of Incorporation | Proportion of ownership Interest (%) | |
|---|---|---|---|---|
| | | | As at March 31, 2019 | As at March 31, 2018 |
| | **Subsidiaries** | | | |
| 1 | Solitiare Diamond Exports | India | 99% | 99% |
| 2 | M.B Diamond LLC | Russia | 95% | 95% |
| 3 | Goenka Diamonds and Jewels DMCC | Dubai | 100% | 100% |

All the subsidiaries are involved in the trading and manufacturing of gold and diamond jewellery.

**Summarised financial information for subsidiary having material non controlling interest**

**Financial information of M.B. Diamonds LLC** — **Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Non current assets | 0.02 | 0.02 |
| Current assets | 75.13 | 95.28 |
| Current liabilities | 171.12 | 175.97 |
| Equity attributable to the owners of the equity | (95.98) | (80.67) |
| Non controlling interest | - | - |

**Financial information of M.B. Diamonds LLC** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Revenue | - | - |
| Expenses | 40.78 | 5.20 |
| Profit for the year | (40.78) | (5.20) |
| Loss attributable to the owners of the equity | (40.78) | (5.20) |
| Loss attributable to the non controlling interest | - | - |

**Financial information of Solitiare Diamond Exports** — **Amount in Lakhs Except Share Data**

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|---|---|
| Non current assets | 7.97 | 9.00 |
| Current assets | 5,477.49 | 5,129.45 |
| Current liabilities | 5,941.99 | 5,588.14 |
| Equity attributable to the owners of the equity | (463.40) | (456.63) |
| Non controlling interest | 6.86 | 6.93 |

**Financial information of Solitiare Diamond Exports** — **Amount in Lakhs Except Share Data**

| Particulars | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| Revenue | 0.01 | 0.01 |
| Expenses | 7.06 | 126.65 |
| Profit for the year | (7.05) | (126.64) |
| Loss attributable to the owners of the equity | (6.98) | (125.37) |
| Loss attributable to the non controlling interest | (0.07) | (1.27) |

**34 Related Party Disclosures:**

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

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

7. Goenka Mining Resources Private Limited
8. Goenka Entertainments Private Limited
9. Goenka Properties Private Limited
10. Gem Gold Mining Private Limited
11. Top Minerals Private Limited
12. Aureus Gold Mines Private Limited
13. Shree Vriddhi Mines and Minerals Private Limited
14. Goenka Power and Infra Limited
15. D.V.Exports
16. Dinyog Finvest Private Limited
17. Nand Lal Goenka(HUF)
18 Shobhagya Capital Options Limited
19 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**

**Amount in Lakhs Except Share Data**

| Nature of Transactions | KMP, their relatives and Enterprises in which KMP are interested | |
|---|---|---|
| | 2018-19 | 2017-18 |
| (i) Transactions During the year | | |
| **a. Rent Paid** | | |
| i. Nandlal Goenka | 9.90 | 9.90 |
| ii. Navneet Goenka | - | - |
| iii. Bhawna Goenka | 3.00 | 3.00 |
| iv. Nirmala Goenka | 3.00 | 3.00 |
| **b. Remuneration #** | | |
| i. Nandlal Goenka | 6.00 | 6.00 |
| ii. Navneet Goenka | 4.80 | 4.80 |
| **c. Perquisites** | | |
| i. Navneet Goenka | 2.24 | 2.24 |
| ii. Nandlal Goenka | 1.60 | 1.60 |
| **d. Interest Received** | 61.17 | 54.62 |
| **e. Secutiy Deposit adjusted** | | |
| Nandlal Goenka | 0.50 | - |
| **2. Balances as at year ended** | | |
| **a. Security Deposits** | | |
| i. Nandlal Goenka | - | 0.50 |
| ii. Bhawna Goenka | 0.50 | 0.50 |
| iii. Nirmala Goenka | 0.50 | 0.50 |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**B. Related Party Transactions**

**Amount in Lakhs Except Share Data**

| Nature of Transactions | KMP, their relatives and Enterprises in which KMP are interested | |
|---|---|---|
| | 2018-19 | 2017-18 |
| **b. Credit Balance of following parties** | | |
| i. Nandlal Goenka | 87.56 | 100.71 |
| ii. Navneet Goenka | - | 1.96 |
| iii. Bhawna Goenka | 13.96 | 11.26 |
| iv. Nirmala Goenka | 15.75 | 13.05 |
| **c. Investment in Others** | | |
| Gem Gold Minning Pvt. Ltd. | 429.29 | 429.29 |
| **d. Interest Receivable on Investment** | | |
| Gem Gold Minning Pvt. Ltd. | 129.87 | 74.58 |

# 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

**35 Segment Reporting**

The operating segments have been identified on the basis of nature of products.

i. Segment revenue includes sales and other income directly identifiable with the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with the segment are considered for determining the segment result.

iii. Expenses / Incomes which are not directly allocable to the segments are included under un-allocable expenditure / incomes.

iv. Segment results include margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

vi. Inter – Segment revenue :- Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

**(a) Primary segment information**

The group has identified two opearting business segments viz. Diamond and Gem and Retail Jewellery operations as per Ind AS 108.

**Amount in Lakhs Except Share Data**

| Particulars | Business Segments | | | | Total | |
|---|---|---|---|---|---|---|
| | Diamond | | Jewellery | | | |
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **Segment Revenue** | | | | | | |
| External Sales | 665.67 | 773.52 | - | (1.90) | 665.67 | 771.62 |
| Inter Segment Sales | - | - | - | - | - | - |
| **Segment Result** | 606.58 | 210.70 | (902.33) | (1,254.79) | (295.76) | (1,044.09) |
| Unallocated Finance charges | | | | | (59.95) | (58.65) |
| Unallocated expenses | | | | | (239.77) | (180.87) |
| Unallocated Income | | | | | 157.17 | 150.89 |
| **Profit before tax** | | | | | **(438.31)** | **(1,132.72)** |
| Income tax (net) | | | | | 13.37 | (3.88) |
| **Profit after tax** | | | | | **(451.68)** | **(1,128.84)** |

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**Amount in Lakhs Except Share Data**

| Particulars | Business Segments | | | | Total | |
|---|---|---|---|---|---|---|
| | Diamond | | Jewellery | | | |
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| **Other Information** | | | | | | |
| Segment assets | 71,372.04 | 70,018.33 | 6,473.97 | 7,519.78 | 77,846.01 | 77,538.11 |
| Unallocated other assets | | | | | 2,665.67 | 2,518.41 |
| **Total assets** | | | | | **80,511.68** | **80,056.52** |
| Segment liabilities | 35,564.76 | 34,775.81 | 222.53 | 195.18 | 35,787.29 | 34,970.99 |
| Unallocated other liabilities | | | | | 44,724.39 | 45,085.53 |
| **Total liabilities** | | | | | **80,511.68** | **80,056.52** |
| Non-cash expenses other than Deprecation | | | | | - | - |

**(b) Secondary segment information** **Amount in Lakhs Except Share Data**

| Particulars | Geographical Segments | | | | Total | |
|---|---|---|---|---|---|---|
| | Domestic | | Rest of the world | | | |
| | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| Segment Revenue based on customers location | 665.67 | 771.62 | - | - | 665.67 | 771.62 |
| Segment Assets | 6,509.13 | 6,081.54 | 74,002.55 | 73,974.98 | 80,511.68 | 80,056.52 |

### 36 Earnings Per Share (EPS)

**Amount in Lakhs Except Share Data**

| Particular | Year ended March 31, 2019 | Year ended March 31, 2018 |
|---|---|---|
| a) Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹.) | (451.68) | (1,128.84) |
| b) Weighted average number of equity shares outstanding during the year for basic & diluted EPS | 317,000,000 | 317,000,000 |
| c) Basic and Diluted Earnings Per Share (a/b) | (0.14) | (0.36) |

### 37 Contingent Liabilities

**(a) Claims against the Company not acknowleged as debts**

In respect of 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 till March 2016 has provided in its best judgement all probable interest liability. Therafter the company has not recognised any interest liability payable to banks. Interest charged by the banks for the year ended March 17, March 18 and March 19 or remaining to be charged by the banks of previous years has not been acknowledged as debts by the company. The company has approached consortium bankers for One Time Settlement proposal (OTS) to settle entire loans (including interest) and OTS proposal is under consideration by the consortium bankers. In absence of complete details, the amount is unascertained.

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**(b) Disputed Demand with Government Authorities**

**Amount in Lakhs Except Share Data**

| Particular | As at March 2019 | As at March 2018 |
|---|---|---|
| **i) Income Tax Matters (Against which company has preferred appeals)** ( Pertaining to AY 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15 ) (P.Y. 2004-05, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 & 2014-15) | 5,339.00 | 8,190.42 |
| **ii) Service Tax Matter (Appeal filed by company)** | 1.40 | 1.40 |
| **iii) Punjab Value Added Tax demand against which company has preferred appeal** | 31.83 | 31.83 |

iv) The Company does not envisage any liability in respect of income tax of earlier years on account of exchange gain on restatement of monetary items denominated in foreign currency, 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.

**38** 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 lakhs. The same has been shown in the closing stock of emerald cut in the books of Accounts

**39** (a) 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. The Holding Company has approached consortium bankers and ARC for settlement of loan dues and assumes that Holding Company will have adequate cash flow from export realisation to defray its entire debt obligation and payment to creditors in phased manner. Further, the management is taking all possible steps to revive the business operations and the group has achieved the turnover of ₹ 658.69 lacs during the year. The management is confident that the business modal of the group is still intact and it can carry on the business of the group in profitable manner. The Holding Company is trying its best to successfully come out of this phase as is hopeful that the bankers and ARC will accept its restructuring/ one-time settlement proposal and at the same time is also confident that it will have adequate cash flow from export realization and internal accruals to defray its entire debt obligation in phased manner. The promoters of the Group are also ready to infuse funds in the holding company and subsidiaries and to raise fund from alternate means to meet short term and long term obligations of the Group. Hence the accounts of the Group are prepared on going concern basis.

(b) In respect of investment in OCD, the company assumes that the amount shall be recovered as per terms of repayment and therefore no impairment is required.

**40** In the opinion of the Board, all assets other than property, plant & equiptment 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.

**41** Previous year figures have been re-grouped / re-arranged wherever necessary.

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

**For UMMED JAIN & CO.**
**Chartered Accountants**
**F.R. No.: 119250W**

**AKHIL JAIN**
**Partner**
**M.No.: 137970**

**Place - Mumbai**
**Date - May 29, 2019**

**For & On behalf of the Board**

**NANDLAL GOENKA**
**Chairman & Chief Executive Officer**
**DIN No. 00125281**

**NIDHI KANOONGO**
**Company Secretary**

## NOTES FORMING PART OF CONSOLIDATED IND-AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

**42 Additional information as required under Schedule III to the Companies Act, 2013**

**Amount in Lakhs Except Share Data**

| Name of the entities in the Group | Net assets, i.e. total assets minus total liabilities as at March 31, 2019 | | Share of profit or loss for the year ended March 31, 2019 | | Share in other Comprehensive Income / (loss) for the year ended March 31, 2019 | | Share in total Comprehensive Income / (loss) for the year ended March 31, 2019 | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | ₹ | As % of consolidated profit or loss | ₹ | As % of consolidated other comprehensive income / (loss) | ₹ | As % of total comprehensive income / (loss) | ₹ |
| **Parent** | | | | | | | | |
| Goenka Diamonds and Jewels Limited | 105.29% | 26,145.25 | 16.61% | (75.00) | 1.38% | 0.68 | 18.46% | (74.32) |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Solitiare Diamond Exports | (1.84%) | (456.53) | 1.56% | (7.05) | 0.00% | - | 1.75% | (7.05) |
| **Foreign** | | | | | | | | |
| M.B Diamonds LLC | (0.39%) | (95.98) | 9.03% | (40.78) | 0.00% | - | 10.13% | (40.78) |
| Goenka Diamonds and Jewels DMCC | (5.42%) | (1,346.24) | 68.62% | (309.96) | 0.00% | - | 77.00% | (309.96) |
| Intercompany Elimination and Consolidation Adjustments | 2.36% | 585.36 | 4.18% | (18.90) | 98.62% | 48.46 | (7.34%) | 29.57 |
| **Grand Total** | **100%** | **24,831.87** | **100%** | **(451.68)** | **100%** | **49.14** | **100%** | **(402.54)** |

# 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** | | **Goenka Diamond & Jewels DMCC** | |
|---|---|---|---|---|
| Reporting Currency | **INR** | **ROUBLES** | **INR** | **USD** |
| Capital | 16,989.00 | 10,000.00 | 7,44,414 | $13,624.00 |
| Reserves | (9,614,520.33) | (10,156,452.00) | (135,368,503.52) | $1,959,865.00 |
| Total Assets | 17,112,158.05 | 18,090,874.35 | 194,634,203.94 | $2,813,673.98 |
| Total Liabilities | 17,112,158.05 | 18,090,874.35 | 194,634,203.94 | $2,813,673.98 |
| Investments | NIL | NIL | NIL | NIL |
| Turnover / Total Income | NIL | NIL | NIL | NIL |
| Profit Before Taxation | (4,077,511.73) | (3,052,247.98) | (30,995,845.80) | $(148,884.00) |
| Provision for Taxation | NNIL | NIL | NIL | NIL |
| Profit After Taxation | (4,077,511.73) | (3,052,247.98) | (8,96,31,962) | $ $(1,387,208.00) |
| Proposed Dividend | NNIL | NIL | NIL | NIL |
| Country | **RUSSIA** | | **DUBAI** | |
| **Notes:**<br>**As on March 31, 2019:** | **1 Rouble = INR 0.9459** | | **1 USD = INR 69.1713** | |

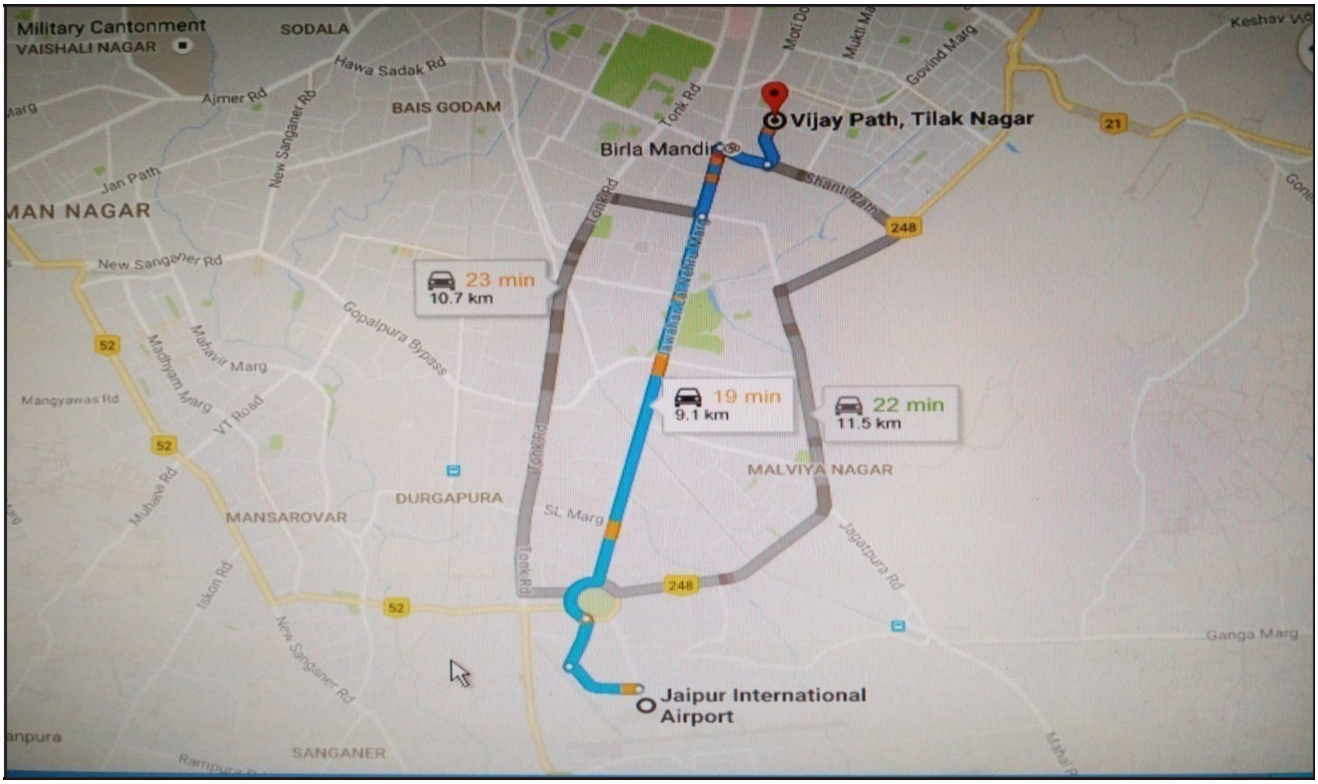
**For & On behalf of the Board**
For **Goenka Diamond and Jewels Limited**

**NANDLAL GOENKA**
**Chairman**

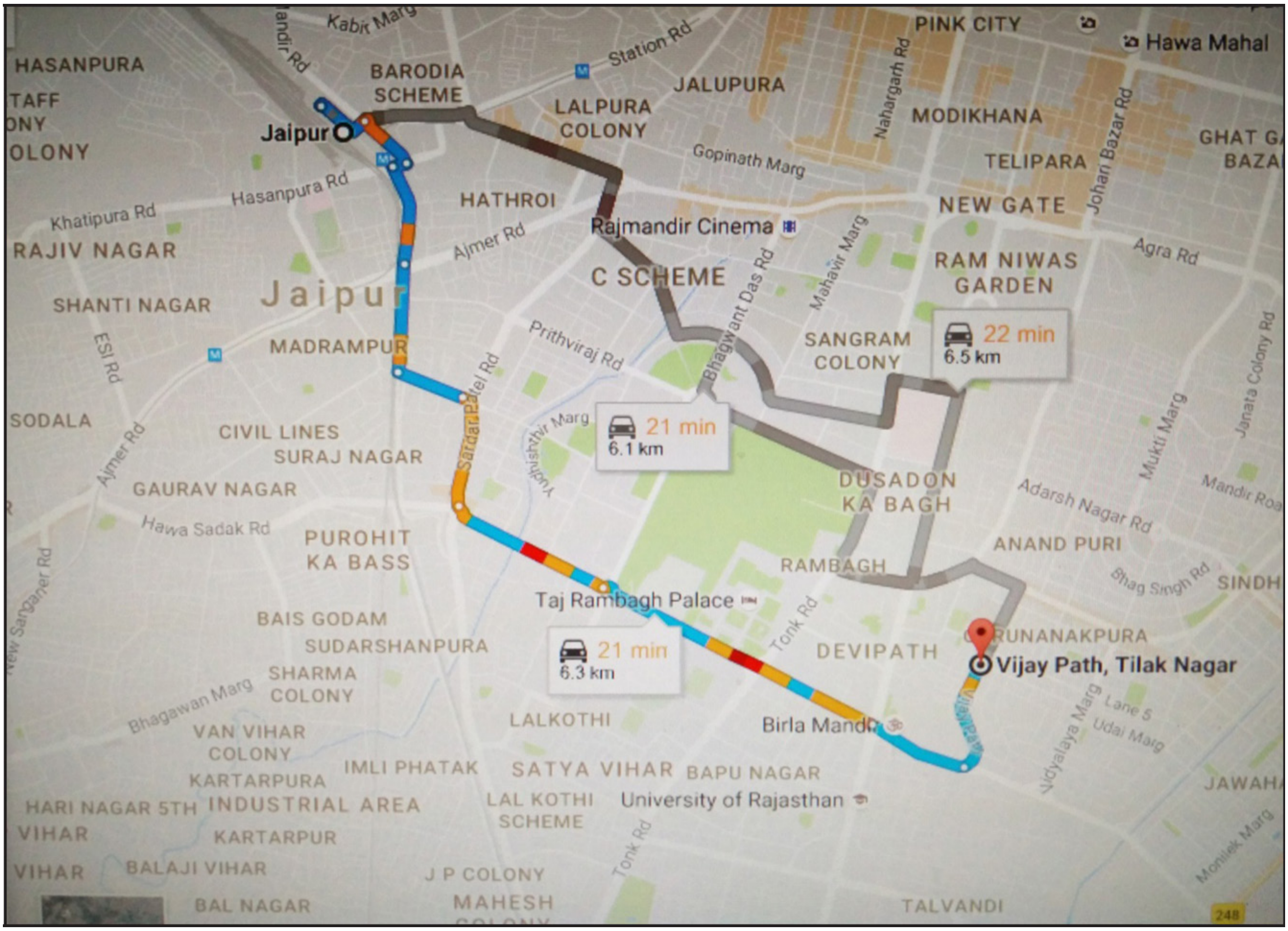
**Place - Mumbai**
**Date - May 29, 2019**

**ROUTE MAP TO THE VENUE OF 28th ANNUAL GENERAL MEETING**

**ROAD MAP: JAIPUR INTERNATIONAL AIRPORT TO VIJAYPATH, TILAK NAGAR, BEHIND BIRLA MANDIR**



**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 29th Annual General Meeting of the Company, to be held on the September 27, 2019 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 :<br>a. Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2019 including the Balance Sheet as at March 31, 2019, 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.<br>b. Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2019 including the Balance Sheet as at March 31, 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Auditors thereon. |
| 2 | To re-appoint M/s Ummed Jain & Co., (**Firm Regn. No.119250W**) Chartered Accountants, Mumbai as the Statutory Auditor 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 |

| | |
|---|---|
| | **"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 Ummed Jain & Co., **(Regn. No.119250W)**, Chartered Accountants, Mumbai be and is hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting ("AGM") till the conclusion of the next AGM"<br>**"FURTHER RESOLVED THAT** the Board of Directors ("the Board") is be and hereby authorised to fix its remuneration".<br>**"FURTHER RESOLVED THAT** any Director of the Company and the Company Secretary of the Company is be and hereby authorised to do all such acts and deeds and to execute all such documents and to submit certified true copy of this resolution wherever required". |

Signed this ______________________ day of ___________________, 2019

Signature of Member _____________________________________________

Proxy holder(s) Signature __________________________________________

Affix
Re. 1/-
Revenue
Stamp

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.

## NOTES

## NOTES

## NOTES

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# Goenka Diamond & Jewels Limited

Orient Press Ltd. Tel.: 40285888

Registered office : 401, Panchratna, M.S.B. Ka Rasta, Johari Bazaar, Jaipur - 302003 India. Tel :- 0141 - 2574175 Fax : 0141 - 2573305.
www.goenkadiamonds.com

# ONE ALLIANCE

**Couriers & Cargo**

Kuber Plot No.8, Office 1&2, Sector 21, Ghansoli, Navi Mumbai Ph.: 9221331700

**GSTIN :27ATQPP9982K1ZF** **PAN :ATQPP9982K**

Date: 03rd September 2019.

To,

**M/S. GOENKA DIAMOND & JEWELS LTD.**
401, Panchratana,
Moti Singhbhomiyon Ka Rasta,
Johari Bazar, Jaipur,
Rajasthan - 302003.

**SUB: DISPATCH OF ANNUAL REPORT FOR FY 2018-2019**

Dear Sir/Madam,

We hereby certify that the dispatch of **ANNUAL REPORT** of **M/S. GOENKA DIAMOND & JEWELS LTD** have been completed its dispatch on 03rd September 2019. The Details of the same are as under;

| Sr. No | Particulars | No. of Doc. |
|---|---|---|
| 1. | Distribution of **ANNUAL REPORT** of **M/S. GOENKA DIAMOND & JEWELS LTD** to the shareholders through courier. | 2604 |
| | TOTAL | 2604 |

Thanking You,

**For One Alliance**

**Authorized Signatory**