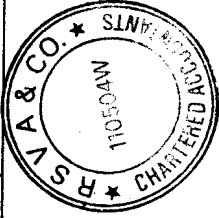




GOENKA DIAMOND AND JEWELS LIMITED
Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
CIN No.L36911RJ1990PLC005651

FORM B – STANDALONE FINANCIAL STATEMENTS

Name of Company	Goenka Diamond and Jewels Limited	
Annual Financial Statement for the year ended	31-03-2016	
Type of Audit Qualification	Comments in Auditors Report	
Basis of Qualified Opinion	Management Reply	
Frequency of Qualification: Appearing for first time	<p>The company has not reported following monetary items denominated in foreign currency as at year-end using the closing rate which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates"</p> <p>i) Trade Receivables outstanding for more than two years amounting to Rs.534,14,25,587/-.</p> <p>ii) Advance given to one of the subsidiary amounting to Rs.59,78,485/-.</p> <p>Accordingly, the Trade Receivables and Advances are understated by Rs.31,93,46,433/- and Rs.3,57,434/- respectively and loss for the year would have been reduced by the same amount, resulting in profit before tax of Rs.34,29,750/- and Loss after Tax of Rs.98,13,802/-.</p>	<p>Foreign Currency Trade Receivables outstanding prior to April 1, 2014 and advance given to a subsidiary have not been restated based on exchange rate as at the end of the year unlike in previous quarter. These Trade Receivables and Advances have been carried forward based on exchange rate as at the end of March 31, 2015 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 and advances. The company shall account for the actual exchange difference at the time of realization of these trade receivables.</p>



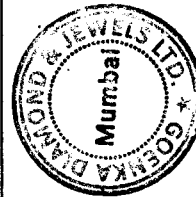
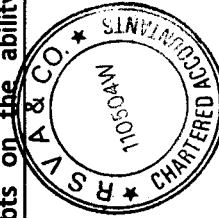
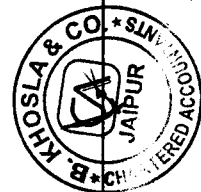
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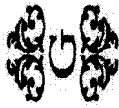
GOENKA DIAMOND AND JEWELS LIMITED
Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
CIN No.L36911RJ1990PLC005651

Basis of Disclaimer of Opinion		
Frequency of Qualification: Appeared earlier in FY 2013-14 and FY 2014-15.	Trade Receivables amounting to Rs.699,23,30,064/- includes Rs. 664,77,03,367/- outstanding of more than six months from due date. Though, confirmations amounting to Rs.3,22,94,87,505/- were received from Trade Receivables on the request by the management, there have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are not significant. In view of the above we are unable to comment on the time-frame of the realisability of these debts and any provision to be made for un-realisation in the carrying amount of these balances and the consequent impact on the financial statements.	Regarding auditors observations relating to old outstanding Trade Receivables, recall of loans, disputes amongst promoters and other factual position regarding business relating to liquidity crunch, decrease in sales, overdue creditors, non-payment of statutory dues, defaults in repayment of loans and interest etc., the management is of the view that due to certain unfavourable development in earlier periods on account of disputes amongst promoters, the recovery from trade receivables are slow but at the same time management is hopeful that these trade receivables are good and recoverable. The Company is taking all possible efforts to recover old trade receivables and shall also initiate legal action where ever considered necessary. Due to slow recovery from trade receivables, there is a temporary mismatch in the cash flow resulting in default in repayment of statutory dues and dues to certain banks owing to which certain banks have classified the account as NPA and recalled their loans. With regard to recall of loans, liquidity crunch and availability of finance, the Company is taking steps to revive its business operations and intend to approach consortium bankers for restructuring of its loans.
Frequency of Qualification: Appearing for first time	The Company's operating results have been materially affected due to various factors including non-realization of debtors, dispute amongst promoters, non-availability of finance due to recall of loans by majority of banks in consortium, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest, non realization of interest on loans and debentures from subsidiaries and associates. These events cause significant doubts on the ability of the company to	



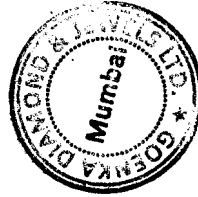
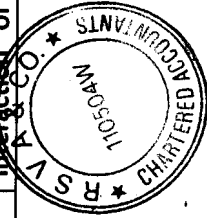
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Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
CIN No.L36911RJ1990PLC005651

	<p>continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to raise adequate finance from alternative means and / or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations.</p> <p>In absence of any convincing audit evidence, non recovery of trade receivable on due date, non-payment of liabilities including statutory dues, financial difficulty faced by the company due to recalling of the bank finance facilities and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial statements. We are also unable to conclude on ability of the company to carry on as a going concern.</p>	
Frequency of Qualification: Appearing for first time	Because of the significance of the matters described in the basis of disclaimer of opinion paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including statutory dues, financial difficulties faced by company due to recalling of bank finance, it is not possible to form an opinion on the financial statements due to the potential inter-relationship of the uncertainties and their	



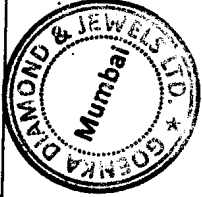
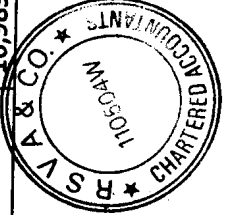
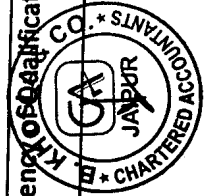
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GOENKA DIAMOND AND JEWELS LIMITED
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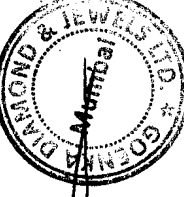
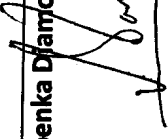



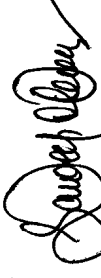
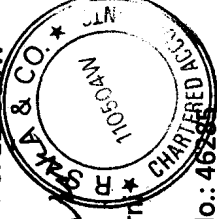

	possible cumulative effect on the financial statements. Accordingly, we do not express an opinion on the financial statements	
Emphasis of Matter		
Frequency of Qualification: Since 2011-12	Valuation of inventory is based on determination of estimated net realizable value and specific identification involving technical judgment of management and which has been relied upon by us	Management has properly valued the inventory based on determination of estimated net realizable value and specific identification.
Frequency of Qualification: Appearing for first time	Since majority of banks in consortium have classified its loans to company as NPA and have recalled their loans are either not charging interest or have charged excess interest in earlier years. In order to account all probable liabilities the management in its best judgment has provided interest on such loans. The management is of the opinion that any difference on account of interest, penal interest shall be accounted for as and when the interest is charged or adjusted by the banks. Further, one of the bank having outstanding dues of Rs. 4,20,99,570/- has neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts	The management in its best judgment and as a matter of prudence has accounted for all probable interest liability wherever banks have not applied interest and has made adequate representations to bank(s) where excess interest has been charged by bank in earlier periods.
Frequency of Qualification: Appearing for first time	The company has made investment of Rs. 16,989 and has given advance of	The management is of the view that the investment is in the nature of long term



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	<p>Rs.1,63,99,529 to its subsidiary namely M.B. Diamonds LLC whose net-worth is negative against which no provision has been made as the management is of the view that the investment is long term in nature and the subsidiary has substantial business value</p>	<p>investment and the diminution in value is of temporary in nature. The management is confident that the subsidiary shall revive its operations in near future and therefore no provision is required against such investment and advances.</p>
<p>To be signed by For Goenka Diamond & Jewels Ltd.   Nandlal Goenka Chairman DIN : 00125281</p>	<p>For Goenka Diamond & Jewels Ltd.   Navneet Goenka MD & CFO DIN : 00164428</p>	<p>For Goenka Diamond & Jewels Ltd.   Kevin Shah Chairman Audit Committee DIN : 07027089</p>
	<p>For B Khosla & Co. ICAI Firm Regn. No. 0002050   Sandeep Mundra Partner Membership No.: 75482</p>	<p>For RSVA & Co. ICAI Firm Regn. No. 110504W   Shekhar Kulkarni Partner Membership No.: 46285</p>

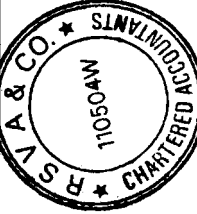
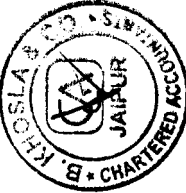
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Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
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FORM B – CONSOLIDATED FINANCIAL STATEMENTS

Name of Company	Goenka Diamond and Jewels Limited
Annual Financial Statement for the year ended	31-03-2016
Type of Audit Qualification	Comments in Auditors Report
Basis of Qualified Opinion	Management Reply
Frequency of Qualification: Appearing for first time	Foreign Currency Trade Receivables outstanding prior to April 1, 2014 have not been restated based on exchange rate as at the end of the year unlike in previous quarter. These Trade Receivables have been carried forward based on exchange rate as at the end of March 31, 2015 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.
Basis of Disclaimer of Opinion	Regarding auditors observations relating to old outstanding Trade Receivables, recall of loans, disputes amongst promoters and other factual position regarding business relating to liquidity crunch, decrease in sales, overdue creditors, non-payment of statutory dues, defaults in repayment of loans and interest etc., the management is of the view that due to certain unfavourable development in
Frequency of Qualification: Appeared earlier in FY 2013-14 and FY 2014-15.	Trade Receivables amounting to Rs. 751,35,28,818/- includes Rs.716,89,02,123/- outstanding of more than six months from due date. Though, confirmations amounting to Rs. 3,22,94,87,505/- were received from Trade Receivables on the request by the management, there have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are



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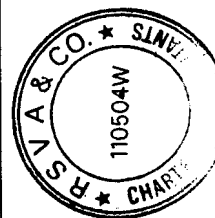
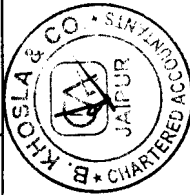
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GOENKA DIAMOND AND JEWELS LIMITED
Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
CIN No.L36911RJ1990PLC005651

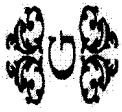
	<p>not significant. In view of the above we are unable to comment on the time frame of the realisability of these debts and any provision to be made for un-realisation in the carrying amount of these balances and the consequent impact on the consolidated financial statements.</p>	<p>earlier periods on account of disputes amongst promoters, the recovery from trade receivables are slow but at the same time management is hopeful that these trade receivables are good and recoverable. The Company is taking all possible efforts to recover old trade receivables and shall also initiate legal action where ever considered necessary. Due to slow recovery from trade receivables, there is a temporary mismatch in the cash flow resulting in default in repayment of statutory dues and dues to certain banks owing to which certain banks have classified the account as NPA and recalled their loans. With regard to recall of loans, liquidity crunch and availability of finance, the Company is taking steps to revive its business operations and intend to approach consortium bankers for restructuring of its loans.</p>
<p>Frequency of Qualification: Appearing for first time</p>	<p>The Group's operating results have been materially affected due to various factors including non-realization of debtors, dispute amongst promoters, non-availability of finance due to recall of loans by majority of banks in consortium, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest, non realization of interest on debentures of associate. These events cause significant doubts on the ability of the group to continue as a going concern. The appropriateness of the going concern assumption is dependent on the group's ability to raise adequate finance from alternative means and / or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations. In absence of any convincing audit evidence, non recovery of trade receivable on due date, non-payment of liabilities including statutory dues, financial difficulty faced by the company</p>	



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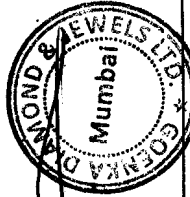
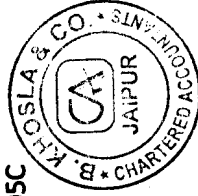




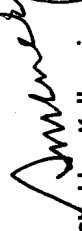
GOENKA DIAMOND AND JEWELS LIMITED
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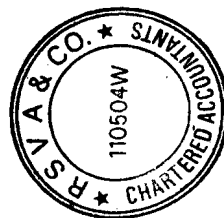
	<p>due to recalling of the bank finance facilities and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the consolidated financial statements. We are also unable to conclude on ability of the company to carry on as a going concern.</p>	
<p>Frequency of Qualification: Appearing for first time</p>	<p>Because of the significance of the matters described in the basis of disclaimer of opinion paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including statutory dues, financial difficulties faced by company due to recalling of bank finance, 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</p>	
<p>Emphasis of Matter</p>		
<p>Frequency of Qualification: Since 2011-12</p>	<p>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</p>	<p>Management has properly valued the inventory based on determination of estimated net realizable value and specific identification.</p>
<p>Frequency of Qualification: Appearing for first time</p>	<p>Since majority of banks in consortium have classified its loans to company as NPA and have recalled their loans are either not</p>	<p>The management in its best judgment and as a matter of prudence has accounted for all probable interest liability wherever banks</p>





GOENKA DIAMOND AND JEWELS LIMITED
 Registered Office: 401, Pancharatna, MSB Ka Rasta, Johari Bazar, Jaipur : 302003, Rajasthan
 CIN No.L36911RJ1990PLC005651

	<p>charging interest or have charged excess interest in earlier years. In order to account all probable liabilities the management in its best judgment has provided interest on such loans. The management is of the opinion that any difference on account of interest, penal interest shall be accounted for as and when the interest is charged or adjusted by the banks. Further, one of the bank having outstanding dues of Rs. 4,20,99,570/- has neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts</p>	<p>have not applied interest and has made adequate representations to bank(s) where excess interest has been charged by bank in earlier periods.</p>
<p>To be signed by For Goenka Diamond & Jewels Ltd.  Nandlal Goenka Chairman DIN : 00125281</p>	<p>For Goenka Diamond & Jewels Ltd.  Navneet Goenka MD & CFO DIN : 00164428 For B Khosla & Co. ICAI Firm Regn. No. 000205C   Sandeep Mundra Partner Membership No.: 75482</p>	<p>For Goenka Diamond & Jewels Ltd.   Kevin Shah Chairman Audit Committee DIN : 07027089 For RSVA & Co. ICAI Firm Regn. No. 110504W   Shekhar Kulkarni Partner Membership No.: 46285</p>



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GOENKA

DIAMOND & JEWELS LIMITED



MANUFACTURER OF
LARGE DIAMONDS
& FINE JEWELLERY

ANNUAL REPORT
2015 - 2016



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

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26th Annual Report 2015 - 2016

Board of Directors

Mr. Nandlal Goenka (DIN:00125281)
Chairman

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

Mr. Nitin Goenka (DIN:00126592)
Managing Director (resigned w.e.f. 10.02.2016)

Mr. Anant Upadhyay (DIN:02467122)
Independent Director

Ms. Neetam Singh (DIN:07006403)
Independent Director

Mr. Kevin Shah (DIN:07027089)
Independent Director

Company Secretary & Compliance Officer
Kundan Tanawade

Registered Office

401, Panchratana, M. S. B. Ka Rasta,
Johari Bazar, Jaipur-302003

Telephone: + 91 141 2574175;

Facsimile: +91 141 2573305

Corporate Office

1305, Panchratna Building, Mama Parmanand Marg,
Opera House, Girgaon Division, Street No. 184,
Mumbai - 400 004

CIN: L36911RJ1990PLC005651

Telephone: + 91 22 23676030;

Facsimile: + 91 22 23676020;

Email: cs@goenkadiamonds.com

Website: www.goenkadiamonds.com

Joint Auditors

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

M/s. RSV & Co. (Regn. No. 110504W)
Chartered Accountants

Registrar and Transfer agents

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

Bankers

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

Depositories

National Securities Depository Limited

Central Depository Services (India) Limited

26th Annual General Meeting
Thursday, September 29, 2016 at 11.00 a.m. at
Bungalow No. C - 114, Shivaji Marg, Vijaypath,
Tilak Nagar, Jaipur – 302 004.

Brief Profile of our Directors



Mr. Nandlal Goenka, (DIN: 00125281), is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since incorporation. On October 28, 2002, he was appointed as a Whole-Time Director and on April 15, 2008, he was appointed as the Chairman of our Company till March 31, 2013. At the Annual General Meeting held on September 27, 2013, he was re-appointed as the Chairman of our Company w.e.f. April 01, 2013 for a period of five years. He is the acting CEO of the company. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nandlal Goenka has over 40 years of experience in the jewellery export, retail and designing business. Mr. Nandlal 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 jeweler 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. Nandlal 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. Nandlal 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 & Managing Director of our Company till March 31, 2013. At the Annual General Meeting held on September 27, 2013, he was re-appointed as the Vice-Chairman & Managing Director of our Company w.e.f. April 01, 2013 for a period of five years. He acted as CFO since 2008. He was appointed as a CFO of our company w.e.f. August 21, 2014. He is a commerce graduate from the Mumbai University and has a graduate diamonds diploma from the Gemological Institute of America, New York. Mr. Navneet Goenka has more than 20 years of experience in the jewellery export, retail and designing business. He had joined our Company at a very young age and has been contributing to its growth since then. In his capacity as CFO, he is responsible for taking all decisions relating to Finance, Accounts and Legal Compliances including Taxation, Secretarial Matters, FEMA etc. He also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of all the matters relating to the subsidiaries of our Company.



Mr. Kevin Shah, (DIN: 07027089), is a Non-Executive Independent Director of our Company. He was appointed as an Additional Director of our Company on November 25, 2014 and appointed as Director in the AGM of our Company dated December 30, 2014. He is a member of the Institute of Chartered Accountants of India. He is a Chartered Accountant practicing mainly in the field of Service Tax, Central Excise and Customs. He is Committee member of "Maharashtra VAT and GST Task Force" constituted by Indirect Tax Committee of ICAI. He writes editorials for forums like Taxindiaonline.com, Service Tax Review etc and provides training programs. He has more than eight year of experience working with the renowned people in the field of Indirect taxes.



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



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



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED (“the Company”)** will be held on Thursday, September 29, 2016 at 11.00 a.m. at Bungalow No. C - 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company on a standalone and consolidated basis, for the financial year ended March 31, 2016 including the Balance Sheet as at March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To re-appoint M/s. B. Khosla & Co. (**Regn. No. 000205C**) and M/s. RSVA & Co., (**Regn. No. 110504W**) Chartered Accountants, as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors (“**the Board**”) to fix their remuneration.

Place: Mumbai

By Order of the Board of Directors

Date: August 09, 2016

Registered office:

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

Kundan Tanawade
Company Secretary & Compliance Officer

NOTES:

1. **A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. 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.
3. Shareholders are requested to bring their copy of Annual Report to the Meeting.
4. 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.
5. 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.
6. Pursuant to Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**LODR**”), the Register of Members and Share Transfer Books of the Company will remain closed from Friday, September 23, 2016 to Thursday, September 29, 2016 (both days inclusive).
7. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
8. 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.
9. 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 demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
10. 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.
11. 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 email ids, the Company has sent physical copy of this Annual Report, along with the attendance slip carrying e-voting procedure & instructions. However, the member who has not received the electronic copy or the physical copy may write to the Company, and the Annual Report will be sent to them. Kindly also note that the Copy of this Annual Report is also available on the website of the Company. The Attendance slip carrying e-voting procedure & instructions is separately attached with this Annual Report.
12. 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 email id: cs@goenkadiamonds.com
13. 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 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited (Karvy). The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting (‘remote e-voting’).The procedures and instructions for e-voting along with the user id and password are mentioned in the attendance slip which is separately attached to this Annual Report.



GOENKA DIAMOND AND JEWELS LIMITED

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14. 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.
15. 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. 22nd September, 2016.
16. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. September 22, 2016, may write to the Karvy on the email Id evoting@karvy.com or to Mr. U S Singh, Contact No. 040-67162222 at Karvy Computershare Private Limited, Unit - Goenka Diamond & Jewels Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, requesting for the User ID and Password. The email / letter sent to Karvy should mention basic details including PAN Number and 'DP ID & Client ID' or 'Folio Number' in case the shares are held in physical form. After receipt of the above credentials from Karvy, please follow the procedures and instructions for e-voting as mentioned in the attendance slip which is separately attached to this Annual Report.

Place: Mumbai
Date: August 09, 2016

By Order of the Board of Directors

Registered office:

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

Kundan Tanawade
Company Secretary & Compliance Officer

In order to improve the corporate contribution to the environment, the Ministry of Corporate Affairs has undertaken a '**Green Initiative in Corporate Governance**' by allowing paperless compliances by Companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated April 21, 2011 and April 29, 2011, respectively. Accordingly, your Company proposes to henceforth effect electronic delivery of communication /documents including the Annual Reports and such other necessary communication / documents from time to time to the Members, who have provided their e-mail address to their Depository Participant (DP)/ Company as the case may be. Members who wish to inform any changes of their e-mail addresses, are requested to promptly update / change the same with their DP, from time to time. Members holding shares in physical form and who are desirous of receiving the communication /documents in electronic form, are requested to please promptly inform their e-mail address to the Company.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Twenty Sixth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2016.

Financial Highlights

(₹ In lakhs)

	31.03.2016	31.03.2015
Sales and Other Income	9311.49	11467.13
Less: Expenses	12412.69	11244.22
Profit / (Loss) before tax and depreciation	(3101.20)	222.91
Less: Depreciation	61.53	114.63
Net Profit/(Loss) before Tax	(3162.73)	108.28
Less: Income tax provision	0.00	35.00
Less: Deferred Tax	59.28	(18.54)
Less: Earlier Years' Income Tax	0.00	0.00
Less: MAT Credit Entitlement	0.00	(5.00)
Profit/(Loss) after tax	(3222.01)	96.82
Balance brought forward from previous year	15994.22	15897.40
Profit available for appropriation	12772.21	15994.22
Appropriation	----	----
Issue of Bonus shares		
Transfer to General Reserve	----	----
Proposed Dividend on Equity shares	----	----
Tax on Proposed Dividend	----	----
Profit carried over to Balance Sheet	12772.21	15994.22
Earnings per share	(1.02)	0.03

State of Company's Affairs

Your Directors wish to inform you that during the current financial year ended March 31, 2016, the sales and other income of the Company were ₹ 9311.49 lakhs and during the previous year it was ₹ 11467.13 lakhs. During the year, the company incurred Net Loss before tax of ₹ 3162.73 lakhs as against Net Profit before tax of ₹ 108.28 lakhs in the previous year. The decline in the performance was mainly due to severe liquidity crunch being faced by the company. However, the management is putting its best efforts to revive the operations of the company.

Dividend

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

IPO Fund Utilization

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



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	Amount received from IPO	12650.85
Sl. No.	Particulars of proposed reallocated expenditure amount	Amount in Lakhs (as on 31.3.2016)
1.	For expansion and establishment of new retails stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities & other general capex required for expansion.	1143.84
2.	Funding to subsidiaries and such entities by way of equity, capital, loans and advances or in any other manner	1893.59
3.	Working Capital Requirement for business	8459.96
4.	General Corporate Purposes	218.37
5.	Issue Expenses	828.68
	Total	12544.44
	Unutilized Amount Represented by	
	Time Deposit with Banks (Under Lien)	106.41

Directors and Key Managerial Personnel

Your Board comprises of 5 directors comprising of 2 promoter directors and 3 independent directors including one woman director. Definition of 'Independent Director' is derived from Regulation 16(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors under section 149(7) of the Companies Act 2013 and on evaluation of the relationships disclosed, the Non-Executive Directors – Mr. Anant Upadhyay, Ms. Neetam Singh and Mr. Kevin Shah are considered as Independent Directors, who are not liable to retire by rotation.

CESSATION

During the year under review, Mr. Nitin Goenka, Managing Director had resigned from the Company w.e.f. February 10, 2016. The Board placed on record its deep appreciation for the valuable guidance and advice given by Mr. Nitin Goenka, during his tenure as a Managing Director of the Company.

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

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013 ('the Act'), in relation to the Annual Financial Statements for the Financial Year 2015-2016, your Directors state and confirm that:

- in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a "going concern" basis. However, the Statutory Auditors have expressed doubts on the ability of the company to continue as a going concern.
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively, except that the internal financial control system with regard to credit worthiness of debtors needs to be improvised, as, at present, there is old huge outstanding amount recoverable from overseas buyers. Hence the company needs to formulate and implement stronger internal control system while extending credit to buyers. Likewise the payments of statutory dues and bank dues need to be regularized, though the same is the result of the liquidity crunch the company is presently facing mainly due to slow realization of debtors; and

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

Subsidiary Company and Consolidated Financials

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

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

Board Evaluation

Pursuant to the provisions of companies Act, 2013, 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 committee. 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 Nomination & Remuneration Committee framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013.

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

Deposits and Unclaimed Dividend

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

Number of Meetings of the Board

The Board met four times in financial year 2015-2016, on May 30, 2015, August 14, 2015, November 06, 2015, and February 13, 2016. 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 Audit Committee comprises independent directors namely Mr. Kevin Shah, Mr. Anant Upadhyay and Ms. Neetam Singh.

Mr. Kevin Shah – Chairman

Mr. Anant Upadhyay – Member

Ms. Neetam Singh – Member

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

2. Nomination and Remuneration Committee

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

Ms. Neetam Singh – Chairperson

Mr. Kevin Shah – Member

Mr. Anant Upadhyay – Member

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



3. Stakeholders Relationship Committee

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

Mr. Anant Upadhyay – Chairman

Mr. Kevin Shah – Member

Ms. Neetam Singh – Member

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

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

Statutory Auditors

M/s. B. Khosla & Co., Chartered Accountants and M/s. RSVA & Co., Chartered Accountants, Joint Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-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 re-appointment is included in the notice for 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, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 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.

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

As per Regulation 23 of the 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, 2016.

Sexual Harassment

Your Directors further state that during the year under review, there were no cases filed pursuant to the sexual harassment at workplace.

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

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

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- A) The company has sent / is in the process of sending legal notices to overseas buyers for recovery of its long overdue export outstanding amount.
- B) The company has approached bankers for restructuring of loans, since majority of banks have declared the company's account as NPA and have recalled their loans.
- C) There is substantial decrease in sales turnover of the company during the quarter ended 30th June 2016.

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

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

Corporate Social Responsibility

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

Risk Management Policy

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

Internal Financial Controls

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

Share Capital

The paid up equity share capital of the Company as on March 31, 2016 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 Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the LODR, includes intimation to the senior executives of the Company in case any threat or misconduct or unethical behavior or violation of company's code of conduct or ethics policy is observed. Protected disclosures can be made by a whistle blower through an e-mail or dedicated telephone line or a letter to the senior executives or to the Chairman of the Audit Committee. During year under review, no personnel was denied access to the Audit Committee.

Corporate Governance

As per 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 2015-16 and Notice of the 26th Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses are requested to register their email ids with their DPs in order to co-operate with the company in implementation of green initiative; and help to protect the environment.

**STATUTORY AUDITORS REMARKS AND MANagements REPLIES THEREUPON**

- 1) Regarding Auditors observation that Trade Receivables outstanding for more than two years and Advance given to one of the subsidiaries are not denominated in foreign currency as at the year end using the closing rate which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates"

Management Reply : Foreign Currency Trade Receivables outstanding prior to April 1, 2014 and advance given to a subsidiary have not been restated based on exchange rate as at the end of the year unlike in previous quarters. These Trade Receivables and Advances have been carried forward based on exchange rate as at the end of March 31, 2015 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 and advances. The company shall account for the actual exchange difference at the time of realization of these trade receivables.

- 2) Regarding Auditors Observations i.e.:

- a) Inability to comment on time frame of Trade Receivables outstanding for more than 6 months and any provision to be made for unrealisability in the carrying amount of these balances.
- b) The Company's operating results have been materially affected due to various factors including non-realization of debtors, dispute amongst promoters, non-availability of finance due to recall of loans by majority of banks in consortium, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest, non realization of interest on loans and debentures from subsidiaries and associates. These events cause significant doubts on the ability of the company to continue as a going concern. The appropriateness of the going concern assumption is dependent on the company's ability to raise adequate finance from alternative means and / or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations. In absence of any convincing audit evidence, non recovery of trade receivable on due date, non-payment of liabilities including statutory dues, financial difficulty faced by the company due to recalling of the bank finance facilities and in view of multiple uncertainties as stated above we are unable to determine the possible effect on the financial statements. We (auditors) are also unable to conclude on ability of the company to carry on as a going concern.
- c) Because of the significance of the matters described in the 'basis of disclaimer of opinion' paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including statutory dues, financial difficulties faced by company due to recalling of bank finance, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements. Accordingly, we (auditors) do not express an opinion on the financial statements.

Management Reply : Regarding auditors observations relating to old outstanding Trade Receivables, recall of loans, disputes amongst promoters and other factual position regarding business relating to liquidity crunch, decrease in sales, overdue creditors, non-payment of statutory dues, defaults in repayment of loans and interest etc., the management is of the view that due to certain unfavourable development in earlier periods on account of disputes amongst promoters, the recovery from trade receivables are slow but at the same time management is hopeful that these trade receivables are good and recoverable. The Company is taking all possible efforts to recover old trade receivables and shall also initiate legal action where ever considered necessary. Due to slow recovery from trade receivables, there is a temporary mismatch in the cash flow resulting in default in repayment of statutory dues and dues to certain banks owing to which certain banks have classified the account as NPA and recalled their loans. With regard to recall of loans, liquidity crunch and availability of finance, the Company is taking steps to revive its business operations and intend to approach consortium bankers for restructuring of its loans.

- 3) Regarding auditors observation on Inventory valuation wherein the determination of estimated net realizable value and specification identification which involves technical judgment of the management has been relied upon by auditors:

Management Reply : Management has properly valued the inventory based on determination of estimated net realizable value and specific identification.

- 4) Regarding Auditor's observation i.e majority of banks in consortium have classified its loans to company as NPA and have recalled their loans are either not charging interest or have charged excess interest in earlier years. In order to account all probable liabilities the management in its best judgment has provided interest on such loans. The management is of the opinion that any difference on account of interest, penal interest shall be accounted for as and when the interest is

charged or adjusted by the banks. Further, one of the bank having outstanding dues of ₹ 4,20,99,570/- has neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts.

Management Reply : The management in its best judgment and as a matter of prudence has accounted for all probable interest liability wherever banks have not applied interest and has made adequate representations to bank(s) where excess interest has been charged by bank in earlier periods.

- 5) Regarding Auditors observation i.e. the company has made investment of ₹ 2,03,190/- and has given advance of ₹ 1,63,59,529/- to its subsidiary namely M.B. Diamonds LLC whose net-worth is negative against which no provision has been made as the management is of the view that the investment is long term in nature and the subsidiary has substantial business value.

Management Reply : The management is of the 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 operations in near future and therefore no provision is required against such investment and advances.

- 6) Observations by the auditors made in point no. vii (a), (b) and (c) of the Annexure "A" to Auditors Report:

The management states that the company is committed to pay all its outstanding undisputed statutory dues. Regarding the disputed outstanding taxes, the Company is confident that it will be able to get favorable orders.

- 7) Regarding observation made by the Auditors at Point No. (viii) of the Annexure "A" to Auditors Report:

Management Reply : Due to slow recovery from trade receivables, there is a temporary mismatch in the cash flow resulting in default in repayment of dues to banks owing to which certain banks have classified the account as NPA and recalled their loans. The Company is taking all possible efforts to recover old trade receivables and shall also initiate legal action where ever considered necessary. With regard to recall of loans, liquidity crunch and availability of finance, the Company is taking steps to revive its business operations and intend to approach consortium bankers for restructuring of its loans.

- 8) Regarding observation made by the Auditors in the Annexure "B" to Auditors Report, whereby they have pointed out internal control weakness relating to ascertainment of customers' credit worthiness, which has resulted in huge old outstanding dues from customers:

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

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

Management Reply: Due to slow recovery from trade receivables, there is a temporary mismatch 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 intends to approach bankers for restructuring of its loans.



SECRETARIAL AUDITOR'S REMARKS AND MANagements REPLIES THEREUPON

1) Auditors Observation made on delay in payment of statutory dues

Management Reply : Due to liquidity crunch, there is delay in payment of statutory dues by the company. However, the company is committed to pay all its outstanding statutory dues.

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

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

Technology Absorption, Adoption and Innovation

Since the company's products are designed and not mechanically developed, technology absorption or innovations are not of material significance.

Research and Development

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

Foreign Exchange Earnings and Outgo

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

GENERAL

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

1. Re-appointment of an independent director for a second term of five years.
2. Neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission from any of its subsidiaries.
3. There were no companies which have become or ceased to be Subsidiaries, Joint Ventures or associate companies during the year.
4. There was no change in nature of business.
5. There were no loans, guarantees or investments 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 09, 2016

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

	Requirement of Rule 5(1)	Details																					
(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	<p>Directors</p> <table> <tr><td>1. Mr. Nandlal Goenka</td><td>:</td><td>4.10</td></tr> <tr><td>2. Mr. Navneet Goenka</td><td>:</td><td>3.28</td></tr> <tr><td>3. Mr. Nitin Goenka</td><td>:</td><td>2.73#</td></tr> <tr><td>4. Mr. Anant Upadhyay</td><td>:</td><td>0.58</td></tr> <tr><td>5. Mr. Kevin Shah</td><td>:</td><td>0.58</td></tr> <tr><td>6. Ms. Neetam Singh</td><td>:</td><td>0.58</td></tr> </table> <p># Mr. Nitin Goenka had resigned from the post of Managing Director of the Company w.e.f. February 10, 2016.</p>	1. Mr. Nandlal Goenka	:	4.10	2. Mr. Navneet Goenka	:	3.28	3. Mr. Nitin Goenka	:	2.73#	4. Mr. Anant Upadhyay	:	0.58	5. Mr. Kevin Shah	:	0.58	6. Ms. Neetam Singh	:	0.58			
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6. Ms. Neetam Singh	:	0.58																					
(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;	<p>Directors</p> <table> <tr><td>1. Mr. Nandlal Goenka</td><td>:</td><td>N.A.</td></tr> <tr><td>2. Mr. Navneet Goenka</td><td>:</td><td>N.A.</td></tr> <tr><td>3. Mr. Anant Upadhyay</td><td>:</td><td>N.A.</td></tr> <tr><td>4. Mr. Kevin Shah</td><td>:</td><td>N.A.</td></tr> <tr><td>5. Ms. Neetam Singh</td><td>:</td><td>N.A.</td></tr> </table> <p>Chief Financial Officer</p> <table> <tr><td>6. Mr. Navneet Goenka</td><td>:</td><td>N.A.</td></tr> </table> <p>Company Secretary</p> <table> <tr><td>7. Mr. Kundan Tanawade</td><td>:</td><td>30.44%</td></tr> </table>	1. Mr. Nandlal Goenka	:	N.A.	2. Mr. Navneet Goenka	:	N.A.	3. Mr. Anant Upadhyay	:	N.A.	4. Mr. Kevin Shah	:	N.A.	5. Ms. Neetam Singh	:	N.A.	6. Mr. Navneet Goenka	:	N.A.	7. Mr. Kundan Tanawade	:	30.44%
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4. Mr. Kevin Shah	:	N.A.																					
5. Ms. Neetam Singh	:	N.A.																					
6. Mr. Navneet Goenka	:	N.A.																					
7. Mr. Kundan Tanawade	:	30.44%																					
(iii)	the percentage increase in the median remuneration of employees in the financial year;	27.81% decrease																					
(iv)	the number of permanent employees on the rolls of company;	36 Employees as on 31.03.2016																					
(vii)	variations in the market capitalisation of the company, and previous financial year;	<p style="text-align: center;">Market capitalization (₹ / Crore):</p> <table> <thead> <tr> <th>As on</th> <th>As on</th> <th>%</th> </tr> <tr> <th><u>31.03.2015</u></th> <th><u>31.03.2016</u></th> <th><u>Increase/ decrease</u></th> </tr> </thead> <tbody> <tr> <td>45.65</td> <td>42.16</td> <td>(7.65%)</td> </tr> </tbody> </table>	As on	As on	%	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>Increase/ decrease</u>	45.65	42.16	(7.65%)												
As on	As on	%																					
<u>31.03.2015</u>	<u>31.03.2016</u>	<u>Increase/ decrease</u>																					
45.65	42.16	(7.65%)																					
(viii)	Price earnings ratio as at the closing date of the current financial year and previous financial year	<table> <thead> <tr> <th>As on</th> <th>As on</th> </tr> <tr> <th><u>31.03.2015</u></th> <th><u>31.03.2016</u></th> </tr> </thead> <tbody> <tr> <td>48.00</td> <td>N.A. (Due to negative EPS)</td> </tr> </tbody> </table>	As on	As on	<u>31.03.2015</u>	<u>31.03.2016</u>	48.00	N.A. (Due to negative EPS)															
As on	As on																						
<u>31.03.2015</u>	<u>31.03.2016</u>																						
48.00	N.A. (Due to negative EPS)																						
(ix)	Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	90.15% decline in the market quotation of the company's share in comparison to the last public offer.																					
(x)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration	<table> <tr><td>Average increase of Non Managerial Remuneration</td><td>:</td><td>32.5%</td></tr> <tr><td>Average increase in Managerial Remuneration</td><td>:</td><td>N.A.</td></tr> </table>	Average increase of Non Managerial Remuneration	:	32.5%	Average increase in Managerial Remuneration	:	N.A.															
Average increase of Non Managerial Remuneration	:	32.5%																					
Average increase in Managerial Remuneration	:	N.A.																					
(xiii)	affirmation that the remuneration is as per the remuneration policy of the company.	It is hereby affirmed that the remuneration paid during the year ended March 31, 2016 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, 2016

[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, 2016 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, 2016 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 minute books, statutory registers as required by the Act. The Company has filed various E-Forms during the year.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
As per information provided the Company has complied with the stated rules.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
As the shares of the Company are listed on BSE and NSE as per compliance requirement majority of the shares of the company are in demat form and the company complies with the Depositories Act. The RTA of the Company is M/s. Karvy Computershare Private Limited.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
The Company is involved in export of diamond and diamond studded Jewellery outside India and as per information and explanations given, the company is compliant with the FEMA provisions, subject to procedural delays at some occasions.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 : Requisite disclosures were given to 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;

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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 and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 : Not Applicable

(i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
As per information provided the Company has complied with the stated rules.

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

- Provident Fund 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

The penalty was levied by the exchange(s) in Financial Year 2014-15 for non-compliance of clause 41 of the Listing Agreement, The company has paid part of the penalty and the part is still unpaid.

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

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 : May 30, 2016

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.

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

Place : Mumbai
Date : May 30, 2016

Vishal N. Manseta
ACS No. A25183

CORPORATE GOVERNANCE

The convergence of governance practices brings to the fore the critical role played by the Board to ensure governance framework enjoins higher level of transparency and effective governance standards to enhance the competitiveness and to protect long term interests of all stakeholders. Corporate Governance, which assumes great deal of importance at Goenka Diamond & Jewels Limited (GDJL), is intended to ensure consistent value creation for all its stakeholders. The company has been practicing the principles of good corporate governance over the years. The company is committed to maintaining a high standard of corporate governance. The company has placed corporate governance on a high priority. 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 over 40 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. The cutting and polishing activity was boosted in 2006 by having established its own diamond processing unit at SEZ in Surat for processing of rough diamonds. In 2007, the company set up another facility for processing of rough diamonds in Mumbai to cater to the local market and for the jewellery making operations. The company scaled up the diamond jewellery making operations by establishing a dedicated manufacturing facility in Mumbai and launched the first jewellery retail store in July 2008.

Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of the company's business. The company sources rough diamonds from a variety of suppliers in Hong Kong, Malaysia, USA, Russia and the local Indian market. The company has acquired 95% stake in M. B. Diamonds, a LLC registered in Russia in March 2008 to enable it to import high quality and competitively priced rough and semi-processed diamonds from Russia. The company supplies the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based in India and other countries such as Hong Kong, South East Asia and USA.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian Gem and Jewellery sector is expected to grow at a compound annual growth rate (CAGR) of around 16.26 per cent during the period 2011-12 to 2016-17 on account of increasing government efforts and incentives coupled with private sector initiatives, according to a report of the working group on 'Boosting India's Manufacturing Exports', by Ministry of Commerce & Industry.

In Union Budget 2016-2017, the Government proposed to reimpose one percent Excise duty and also industry is facing challenges after the Government's decision to make PAN cards mandatory for any transactions of ₹ 2 Lakhs and above. Already, the consumer demand for diamonds and jewellery is slack in the global market.

SEGMENT WISE PERFORMANCE OF THE COMPANY

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

OUTLOOK

For Financial Year 2016-2017, The Company will mainly focus on taking all possible efforts to recover old trade receivables and shall also initiate legal action where ever considered necessary. With regard to recall of loans, liquidity crunch and availability of finance, the Company will take active steps to revive its business operations and intends to approach consortium bankers for restructuring of its loans.

RISK AND CONCERNS

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

FACTORS AFFECTING OUR OPERATIONS

- **Gems and Jewellery Industry**

The Gems and Jewellery Industry is a key growth driver for the Indian economy, contributing around 6-7 per cent of the country's GDP.



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

The recent past has witnessed a high volatility in the foreign exchange market. The company's almost two third revenue being from the export activities, this factor sometimes adversely affects the performance of the company, more particularly in view of the fact that diamond companies have to generally extend a long credit period to its international customers.

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

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

- **Competition**

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

- **Global Economic Scenario**

There is uncertainty in the Global Economy for Diamond Industry which affects the business operations of the Company. Our Diamond Business revenues are primarily derived from export to major diamond markets in the Far East, South East and Middle East Asian Countries.

- **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. The company employs total 36 permanent employees as on March 31, 2016.

- **Witnessing Changing pattern in Consumer preferences**

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 fulfill their changing demands better than the local unorganised players.

- **Internal Controls**

The company adheres to the internal control and procedures laid down in respective policies of the company. The system supervises the internal business processes across departments to ensure cost reduction, operational efficiency, accountability, compliance with internal policies, applicable laws and regulations, optimum resource and asset utilization and accurate reporting of financial transactions. These transactions are well authorized, recorded and reported to the management. The company follows all the Accounting Standards for accurately 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
Chairman

NAVNEET GOENKA
Vice Chairman & Managing Director

Place: Mumbai
Date: August 09, 2016

Report on Corporate Governance

The report of Corporate Governance under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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:

II) Board of Directors

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

Mr. Nitin Goenka had resigned from the post of Managing Director of the company w.e.f. February 10, 2016.

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	Nil	Nil	-
Mr. Navneet Goenka Vice Chairman and Managing Director	ED	4	Yes	1	Nil	Nil	-
Mr. Nitin Goenka# Managing Director	ED	-	No	-			-
Mr. Anant Upadhyay Independent Director	INED	4	No	Nil	1	1	-
Ms. Neetam Singh Independent Director	INED	4	No	Nil	Nil	Nil	-
Mr. Kevin Shah Independent Director	INED	4	No	Nil	1	1	-

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

: Mr. Nitin Goenka had resigned from the position of Managing Director of the Company w.e.f. February 10, 2016.

Notes:

- The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Private Limited Companies and Section 8 Companies.
- In accordance with Regulation 26(1) of the 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 2015-2016**

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 30.05.2015, 14.08.2015, 06.11.2015 and 13.02.2016. 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:

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

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

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

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

Audit Committee*

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

Chairman: Mr. Kevin Shah (Chairman)

Members: Mr. Anant Upadhyay
Ms. Neetam Singh

The members of the Committee were well versed with the accounting and financial management. The Committee reviewed the quarterly financial results, half yearly financial results, annual financial results and internal control system of the Company. Valuable suggestions and guidance received from the members of the Committee add strength to its operations. The role and terms of reference stipulated by the members of the Audit Committee covers area mentioned under Regulation 18 and Schedule II part C of the 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
30.05.2015	3
14.08.2015	3
06.11.2015	3
13.02.2016	3

The Chairman of the Audit Committee was not present at the 25th Annual General Meeting of the Company held on 30th September, 2015.

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

- 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;
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- 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: Ms. Neetam Singh

Members: Mr. Anant Upadhyay

Mr. Kevin Shah

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

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

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Date of the Meeting	Quorum
06.11.2015	3

The details of the Remuneration paid to the Executive Directors for the year ended 31st March 2016 and sitting fees to the Non-Executive Independent Directors for meetings of Directors and Committees of Directors are as follows:

Name	Designation	Remuneration for 2015-16 (in ₹)				No. of shares held
		Salary	Sitting fees	Employer contribution to provident fund	Total	
Mr. Nandlal Goenka	Chairman	600000	-	43200	643200	26088750
Mr. Navneet Goenka	Vice-Chairman & Managing Director	480000	-	34560	514560	111615000
Mr. Nitin Goenka#	Managing Director	413793	-	29793	443586	40976250#
Mr. Anant Upadhyay	Independent, Non Executive	-	85500	-	85500	Nil
Ms. Neetam Singh	Independent, Non Executive	-	85500	-	85500	Nil
Mr. Kevin Shah	Independent, Non Executive	-	85500	-	85500	Nil

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

- All decisions relating to the remuneration of Directors are taken by the Nomination and Remuneration Committee in accordance with the approval received from Board as well as the members of the Company.
- The Director's 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 2015–2016, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

All the shares were transferred by Mr. Nitin Goenka to Mrs. Nirmala Goenka during the year 2013-2014. The shares are lying in the D'Mat account of the latter; and the same are frozen on account of promoters dispute. These shares carry no voting rights.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and 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 comprising the following Directors to approve/reject the transfer/transmission/rematerialisation of equity shares, issue of duplicate certificates, to supervise all the operations of the Registrar and Share Transfer Agents and to look into the Investors' complaints, if any, and to redress the same expeditiously.

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

Chairman: Mr. Anant Upadhyay

Members: Ms. Neetam Singh
Mr. Kevin Shah



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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
30.05.2015	3
06.11.2015	3

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

Status of Shareholders'/Investors' Complaints

Particulars	No. of Complaints
Complaints pending as on April 1, 2015	NIL
Complaints received during the period April 1, 2015 to March 31, 2016	23
Complaints resolved during the period April 1, 2015 to March 31, 2016	23
Complaints outstanding as on March 31, 2016	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 31st March 2016.

GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings:

Year	Location	Date	Time	Special Resolutions	Postal Ballot
2012-2013	Hotel Country Inn & Suites by Carlson, Khasa Kothi Circle, M.I. Road, Jaipur – 302 001	27.09.2013	11.00 a.m.	3	N.A.
2013-2014	Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004	30.12.2014	11.00 a.m.	-	N.A.
2014-2015	Bunglaow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302004	30.09.2015	11.00 a.m.	1	N.A.

No resolution was passed through postal ballot during last year.

Disclosures

a) Related parties transactions

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

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

There were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authority for non – compliance of any matter related to the capital markets during the financial year 2015-2016. The Company has complied with all the requirements of the Listing Agreement, the LODR as well as other regulations and guidelines of SEBI, except non-compliance of clause 41 of the Listing Agreement during financial year 2014-15. The stock exchanges had levied penalty. The company has paid a part of the penalty.

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

The Company has complied with all applicable requirements of the 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 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 secretarial audit report to BSE and NSE within 30 days from the end of each quarter in accordance with the SEBI requirements.

d) Code for prevention of Insider Trading

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

e) CEO/CFO Certification

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

f) Risk Management

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

g) Code of Conduct

The Company has laid down a code of conduct for the Directors and its senior management. The code has been posted on the Company's website. Pursuant to Regulation 26(5) of the LODR, all members of senior management have confirmed that there are no material, financial and commercial transactions wherein they have a personal interest that may have a potential conflict with the interest of the Company at large. Pursuant to Regulation 26(3) of the LODR, all the Board members and senior management of the Company as on March 31, 2016 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the CEO and Managing Director 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 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 LODR and are published in The Financial Express, National Newspaper (English), Apla Mahanagar (Marathi) and Jaipur Mahanagar Times Regional Newspaper (Rajasthan). The financial results and official news releases were displayed on the Company's web site www.goenkadiamonds.com.

Official news/ press release are sent to the Bombay Stock Exchange and National Stock Exchange, 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 : Thursday, 29th September, 2016 at 11.00 a.m.

Venue : Bungalow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004

Financial year : 1st April 2015 to 31st March 2016

b) Financial Calendar : 2016-2017 (Tentative)

Annual General Meeting	September 2017
Next Year Board Meetings:	
- Results for the quarter ending 30 th June 2016	Held on August 09, 2016
- Results for the quarter ending 30 th September 2016	By November 14, 2016
- Results for the quarter ending 31 st December 2016	By February 14, 2017
- Results for the year ending 31 st March 2017	By May 30, 2017

- c) Dividend Payment Date** : Nil
- d) Book Closure Date** : 23rd September, 2016 to 29th September, 2016
(both days inclusive)
- e) Cut Off Date for E-voting** : 22nd September 2016 (For AGM to be held on 29th September 2016)
- 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 – GOENKA
- (2) Demat ISIN Number : INE516K01024
(NSDL & CDSL)

Note: Annual listing fees for the year 2015-2016 have been paid to all the above Stock Exchanges)

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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, 2015	1.78	1.38	1.75	1.35
May, 2015	1.72	1.31	1.65	1.30
June, 2015	1.41	1.05	1.45	1.05
July, 2015	1.98	1.10	1.70	1.10
August, 2015	2.61	1.81	2.35	1.75
September, 2015	1.83	1.52	1.90	1.55
October, 2015	1.70	1.41	1.75	1.55
November, 2015	1.65	1.20	1.60	1.40
December, 2015	1.85	1.28	1.85	1.15
January, 2016	2.40	1.62	2.40	1.70
February, 2016	1.79	1.32	1.80	1.35
March, 2016	1.60	1.28	1.45	1.20

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:

	BSE		NSE	
	Goenka	Sensex	Goenka	Nifty
April -15	1.64	27011	1.60	8182
May-15	1.35	27828	1.35	8434
June -15	1.14	27781	1.11	8369
July-15	1.98	28115	1.70	8533
August-15	1.86	26283	1.85	7971
September-15	1.61	26155	1.60	7949
October-15	1.54	26657	1.60	8066
November-15	1.36	26146	1.40	7935
December-15	1.77	26118	1.80	7946
January-16	1.71	24871	1.75	7564
February-16	1.35	23002	1.35	6987
March-16	1.33	25342	1.25	7738

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

k) Share Transfer System:

Shares sent for the physical transfer are registered and returned within one month from the date of receipt, if the documents are clear in all respects. The Stakeholders Relationship Committee meets as often as required. There were no share transfers in physical form during 2015-16 and no share transfer was pending as on March 31, 2016.

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, 2016 only 365 Equity Shares out of 31,70,00,000 equity shares of the Company are in physical form and 31,69,99,635 equity shares of the Company are in dematerialized form.



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h) Demat Suspense Account

There are no shares lying in the Demat Suspense Account.

m) Distribution of Shareholdings as on March 31, 2016

Shareholding of nominal value In ₹	Shareholders		Share Amount	
	Number	% to Total Nos.	In ₹	% to Total Amt.
Upto - 5000	9914	85.28	11637728.00	3.67
5001 - 10000	782	6.73	5990079.00	1.89
10001 - 20000	456	3.92	6820773.00	2.15
20001 – 30000	153	1.32	3891640.00	1.23
30001 – 40000	72	0.62	2854402.00	0.90
40001 – 50000	51	0.44	2215851.00	0.70
50001 – 100000	94	0.81	7725476.00	2.44
100001 and above	103	0.89	275864051.00	87.02
TOTAL	11625	100.00	317000000.00	100.00

n) Shareholding Pattern as on March 31, 2016

Category of Shareholders	Holding %
Promoters / Directors/Relatives – Indian	70.48
International Investors (FIIs/NRIs/OCBs)	0.34
Bodies Corporate	6.73
Resident Indians	19.25
Others	3.53
Total	100.00

o) Address for Investors Correspondence:

(For transfer/dematerialisation of Shares and any other query)

Karvy Computershare Pvt. Ltd
(Unit Goenka Diamond and Jewels Ltd.)
Karvy Selenium, Tower- B, Plot No 31 & 32,
Financial district,
Hyderabad, 500032
Tel.: 040 67161700
Fax: 040 67161680
Website : www.karvy.com

p) Email Id for investors correspondence:

cs@goenkadiamonds.com

q) Any query on Annual Report

Mr. Kundan Tanawade
Company Secretary
Goenka Diamond & Jewels Limited
1305, Panchratna, Opera House,
Mumbai – 400004
Tel.: + 91 22 23676030
Fax: + 91 22 23676020
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 2015-2016.

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.

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t) Plant Locations

The Company has diamond processing unit at Surat.

u) Subsidiary Companies

The Company has adopted policy for Determining Material Subsidiaries, pursuant to the 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 LODR have been included in the relevant places of this report. Appropriate information has been placed on the Company's website pursuant to the LODR.

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

Place: Mumbai

Date: August 09, 2016

Kundan Tanawade
Company Secretary & Compliance Officer



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2016

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L36911RJ1990PLC005651
2.	Registration Date	November 05, 1990
3.	Name of the Company	Goenka Diamond And Jewels Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
5.	Address of the Registered office & contact details	401, Panchratana, M.S.B. Ka Rasta, Johari Bazar, Jaipur – 302003 (Phone No.: 0141 – 2574175)
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot No. 31 & 32, Gachibowli, Financial District Hyderabad- 500 032 Tel.: 040 67161700 Fax: 040 67161680 Website: www.karvy.com

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

SI. 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:

SI. 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)

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

A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	223428000	-	223428000	70.48%	223428000	-	223428000	70.48%	0%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	223428000	-	223428000	70.48%	223428000	-	223428000	70.48%	0%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	0%
b) Banks / FI	6033904	-	6033904	1.90%	5993904	-	5993904	1.89%	-0.01%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	1720000	-	1720000	0.54%	1090979	-	1090979	0.34%	-0.20%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	7753904	-	7753904	2.45%	7084883	-	7084883	2.23%	-0.21%
2. Non-Institutions									
a) Bodies Corp.	23212489	-	23212489	7.32%	21337305	-	21337305	6.73%	-0.59%
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	36679890	30	36679920	11.57%	42082611	365	42082976	13.28%	1.70%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	23230489	-	23230489	7.33%	20599402	-	20599402	6.50%	-0.83%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	2552759	-	2552759	0.81%	2423931	-	2423931	0.76%	-0.05%
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	142439	-	142439	0.04%	26003	-	26003	0.01%	-0.03%
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
NBFC	-	-	-	-	-	-	17500	0.01%	0.01%
Sub-total (B)(2):-	85818066	30	85818096	27.07%	86469252	365	86487117	27.28%	0.21%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	93571970	30	93572000	29.52%	93554135	365	93572000	29.51%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	316999970	30	317000000	100.00%	316999635	365	317000000	100.00%	0%



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B) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	NAVNEET GOENKA	111615000	35.21%	0.00	111615000	35.21%	6.46%	0%
2	#NIRMALA NANDLAL GOENKA	51326250	16.19%	0.00	51326250	16.19%	0.00	0%
3	NAND LAL GOENKA HUF	34200000	10.79%	0.00	34200000	10.79%	0.00	0%
4	NANDLAL SHUBHKARAN GOENKA	26088750	8.23%	0.00	26088750	8.23%	6.46%	0%
5	DHRITI SINGHVI	138000	0.04%	0.00	138000	0.04%	0.00	0%
6	BHAWNA NAVNEET GOENKA	22500	0.01%	0.00	22500	0.01%	0.00	0%
7	NAMITA JAIN	18750	0.01%	0.00	18750	0.01%	0.00	0%
8	NEETA SARAF	18750	0.01%	0.00	18750	0.01%	0.00	0%
	Total	223428000	70.48%	0.00	223428000	70.48%	12.92%	0%

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 on account of promoters dispute; 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		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	223428000	70.48%		
	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	NIL	NIL
	At the end of the year			223428000	70.48%

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, 2015)		Shareholding at the End of the year (March 31, 2016)	
	No. of shares	% of Equity Capital	No. of shares	% of Equity Capital
GENERAL INSURANCE CORPORATION OF INDIA \$	5993904	1.89%	5993904	1.89%
SALMAN KHAN \$	2900000	0.91%	2900000	0.91%
ANKIT JAIN \$	2754820	0.87%	2754820	0.87%
A. JAIN & CO. PVT LTD #	2500000	0.79%	0	0.00%
B SUMANTHKUMAR REDDY \$	2294447	0.72%	2294447	0.72%
RITU JAIN \$	2284612	0.72%	2284612	0.72%
HARITHA BATHINA \$	1950136	0.62%	1950136	0.62%
ANTARA INDIA EVERGREEN FUND LTD #	1720000	0.54%	1090979	0.34%
TRACK HOLDINGS PRIVATE LIMITED \$	1696260	0.54%	1696260	0.54%
DECENT FINANCIAL SERVICES PVT LTD \$	1422660	0.45%	1422660	0.45%
MARUTINANDAN COMMOTRADE PVT. LTD @	299976	0.09%	4127765	1.30%
VIMGI INVESTMENTS PVT LTD @	0	0.00%	3086074	0.97%

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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, 2015 and March 31, 2016.
3. # denotes shareholders who were in top 10 shareholders as on April 1, 2015, but not as on March 31, 2016.
4. @ denotes shareholders who were in top 10 shareholders as on March 31, 2016, but not as on April 1, 2015.

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, 2015)		Cumulative Shareholding during the Year (2015-16)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (April 01, 2015)	Refer Annexure I			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (March 31, 2016)				

Annexure I

SN	Shareholder's Name	Shareholding at the beginning of the year (April 01, 2015)		Cumulative Shareholding during the Year (2015-16)		Change in %
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
1	NAVNEET GOENKA	111615000	35.21%	111615000	35.21%	NIL
2	NANDLAL SHUBHKARAN GOENKA	26088750	8.23%	26088750	8.23%	NIL
3	NAND LAL GOENKA HUF	34200000	10.79%	34200000	10.79%	NIL
4	NIRMALA NANDLAL GOENKA#	51326250	16.19%	51326250	16.19%	NIL
5	DHRITI SINGHVI	138000	0.04%	138000	0.04%	NIL
6	BHAWNA NAVNEET GOENKA	22500	0.01%	22500	0.01%	NIL
7	NAMITA JAIN	18750	0.01%	18750	0.01%	NIL
8	NEETA SARAF	18750	0.01%	18750	0.01%	NIL

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

Note : There was no change in the shareholding of any of the promoters during the year.



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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	15887.14	-	-	15887.14
ii) Interest due but not paid	102.87	-	-	102.87
iii) Interest accrued but not due	12.25	-	-	12.25
Total (i+ii+iii)	16002.26	-	-	16002.26
Change in Indebtedness during the financial year				
* Addition	11550.09	-	-	11550.09
* Reduction	9741.62	-	-	9741.62
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	17132.94	-	-	17132.94
ii) Interest due but not paid	530.79	-	-	530.79
iii) Interest accrued but not due	147.00	-	-	147.00
Total (i+ii+iii)	17810.73	-	-	17810.73

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)	Nitin Goenka (Managing Director)	
1	Gross salary	6.43	5.15	4.44	16.02
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.00	4.80	4.14	14.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.43	0.35	0.30	1.08
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	6.43	5.15	4.44	16.02
	Ceiling as per the Act	The ceiling is ₹ 42 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. Anant Upadhyay	0.855	-	-	0.855
	Ms. Neetam Singh	0.855	-	-	0.855
	Mr. Kevin Shah	0.855	-	-	0.855
	Total (1)	2.565	-	-	2.565
2	Other Non-Executive Directors	Not Applicable			
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B)=(1+2)	2.565	-	-	2.565
	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 Kundan Tanawade (Company Secretary)
1	Gross salary	7.044
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.044
	(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	7.044

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.



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

Pursuant to Regulation 26(3) read with Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2016.

For **Goenka Diamond and Jewels Limited**

Nandlal Goenka
Chairman and Acting Chief Executive Officer

Place: **Mumbai**

Date : **May 26, 2016**

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, 2016, as stipulated under Listing Agreement upto November 30, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 from December 01, 2015 till March 31, 2016.

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 in Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 for the respective periods as mentioned above.

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.

Place : Mumbai
Date : August 09, 2016

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

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, Nandlal Goenka, CEO and Chairman and Navneet Goenka, Chief Financial Officer of Goenka Diamond & Jewels Limited ('the Company'), certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2016 are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant change in internal control over financial reporting;
 - ii) Significant changes in accounting policies; and
 - iii) that there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

For Goenka Diamond and Jewels Limited

Nandlal Goenka
Chairman
(Acting Chief Executive Officer)

Navneet Goenka
Chief Financial Officer

Place: **Mumbai**
Date: **May 26, 2016**

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

We have audited the accompanying standalone financial statements of Goenka Diamond and Jewels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Basis of Qualified Conclusion

Refer Note No.16 (b) and Note No. 18 (foot note), the company has not reported following monetary items denominated in foreign currency as at year-end using the closing rate which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates" and accounting policy adopted by the Company: -

- i) *Trade Receivables outstanding for more than two years amounting to ₹ 534,14,25,587/-.*
- ii) *Advance given to one of the subsidiary amounting to ₹ 59,78,485/- .*

Accordingly, the Trade Receivables and Advances are understated by ₹ 31,93,46,433/- and ₹ 3,57,434/- respectively and loss for the year would have been reduced by the same amount, resulting in profit before tax of ₹34,29,750/- and Loss after Tax of ₹98,13,802/- excluding deferred tax assets of ₹ (59,28,249/-).

Basis for Disclaimer of Opinion

- a. *Refer Note No. 16(a) regarding Trade Receivables amounting to ₹699,23,30,064/- which includes ₹664,77,03,367/- outstanding of more than six months. Though, confirmations amounting to ₹3,22,94,87,505/- were received from Trade Receivables on the request by the management, there have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are not significant. In view of the above we are unable to comment on the time-*

frame of the realisability of these debts and any provision to be made for un-realisability in the carrying amount of these balances and the consequent impact on the financial statements.

- b. Refer Note No. 37 regarding Company's operating results have been materially affected due to various factors including non-realization of trade receivables, dispute amongst promoters, non-availability of finance due to recall of loans by majority of banks in consortium, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest, non realization of interest on loans and debentures from subsidiary and associate. These events cause significant doubts on the ability of the company to continue as a going concern. The appropriateness of the going concern assumption as mentioned in Note No 37 (c) 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 operations.

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

Disclaimer of Opinion

Because of the significance of the matters described in the basis of disclaimer of opinion paragraph, specifically relating to multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non-payment of liabilities including statutory dues, financial difficulties faced by company due to recalling of bank finance and due to the potential interaction of these uncertainties and their possible cumulative effect on the financial statements, we have not been able to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. Accordingly, we do not express an opinion on the financial statements.

Emphasis of Matter

We draw attention to

- i. Significant accounting policy No. 1(F) regarding valuation of inventory is based on determination of estimated net realizable value and specific identification involving technical judgment of management and which has been relied upon by us.
- ii. As mentioned in Note no. 37 (c) that majority of banks in consortium have classified its loans to company as NPA and have recalled their loans are either not charging interest or have charged excess interest in earlier years. In order to account all probable liabilities the management in its best judgment has provided interest on such loans. The management is of the opinion that any difference on account of interest, penal interest shall be accounted for as and when the interest is charged or adjusted by the banks. Further, refer Note no. 8 (footnote) regarding one of the bank having outstanding dues of ₹ 4,20,99,570/- has neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts and which has been relied upon by us.
- iii. As mentioned in Note no. 37(d), the company has made investment of ₹ 2,03,190/- and has outstanding trade receivables & advance of ₹ 1,63,59,529 to its subsidiary namely M.B. Diamonds LLC whose net-worth is negative against which no provision has been made as the management is of the view that the investment is long term in nature and the subsidiary has substantial business value.

Report on Other Legal and Regulatory Requirements

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 A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a. As described in Basis of Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. Due to possible effects of the matters as described in the Basis of Disclaimer of Opinion paragraph and effects of the matters as mentioned in Basis of Qualified Conclusion paragraph, we are unable to state whether, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



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

For RSVA & CO.
Chartered Accountants
FRN No.110504W

For B. Khosla & Co.
Chartered Accountants
FRN No.000205C

Shekhar Kulkarni
Partner
Membership No. 46285

Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai
Date : May 26, 2016

Place: Mumbai
Date : May 26, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except building at Jaipur having value of ₹10,24,830/- (Net block as at year-end ₹ 4,10,296) is yet to be registered in the name of Company.
- (ii) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account;
- (iii) The Company has granted unsecured loans to one of its subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
 - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to subsidiary listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.
 - (b) In the case of the loans granted to the subsidiary listed in the register maintained under section 189 of the Act, the company has not stipulated schedule of repayment of principal and payment of interest and therefore we are not in position to make specific comment as regard to repayment of the principal or receipts are regular.
 - (c) Since there is no stipulation regarding repayment of principal and payment of interest, we are unable to comments on the overdue amount for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) As explained to us, the maintenance of cost records under sub section (i) of Section 148 of the Companies Act, 2013 has not been prescribed by the Central Government for the Company.
- (vii) (a) The Company is not regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months are as under: -

Nature of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act 1961	TDS	2,17,250	01/04/2015 to 31/08/2015	07 th of Next Month	Not Yet paid
Employee Provident Fund Organization	Provident Fund	3,23,472	01/04/2015 to 31/08/2015	21 st day of next month	Not Yet paid
Maharashtra/ Surat Labour welfare Fund	MLWF/ GLWF	1,302	01/04/2015 to 31/08/2015	05 th of Next Month	Not Yet paid
Employee State Insurance Corporation	E.S.I.C.	74,463	01/04/2015 to 31/08/2015	15 th day of next month	Not Yet paid
Department of Sales Tax, Maharashtra	Profession Tax	44,530	01/04/2015 to 31/08/2015	21 st day of next month	Not Yet paid



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

Nature of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra Value Added Tax Act, 2002	VAT	5,28,105	01/04/2015 to 30/06/2015	21 st day of next month after the end of quarter	Not Yet paid
Income Tax Act 1961	Income Tax	2,03,07,000 (excluding Interest)	Financial Year 2012-13	March 31, 2013	Not Yet paid
Income Tax Act 1961	Tax on Dividend	53,87,415/- (excluding Interest)	Financial Year 2012-2013	14 th Oct 2013	Not Yet paid

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

Nature of Statute	Nature of Dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,34,137/-	AY 2004-2005	CIT Appeal - Jaipur
		10,94,47,110/-	AY 2008-2009	ITAT – Jaipur
		36,18,66,130/-	AY 2009-2010	CIT Appeal - Jaipur
		44,20,964/-	AY 2010-2011	ITAT – Jaipur
		40,65,043/-	AY 2011-2012	ITAT, Jaipur
		18,56,93,840/-	AY 2012-2013	CIT Appeal - Jaipur
		10,99,20,190/-	AY 2013-2014	CIT Appeal - Jaipur
Central Excise and Customs Act	Service Tax	6,22,540/-	FY 2008-2009 FY 2011-2012	Commissioner of Central Excise (Appeal)
Punjab Value Added Tax	VAT	31,82,500/-	FY 2012-13	In the office of Dy. Excise & Taxation Commissioner (Admn). Ludhiana Division, Ludhiana

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

Details of continuing defaults

Name of Bank	Amount of Default	Date of Default	Date of default ended
Central Bank of India (since recalled)	10,32,78,246	Jan 2014	Continuing
Axis Bank	27,72,40,074	Dec 2015	Continuing
Corporation Bank (Since Recalled)	20,29,89,395	June 2015	Continuing
	2,49,32,494	Mar 2016*	Continuing
Punjab National Bank (Since recalled)	44,38,63,808	Mar 2016	Continuing
Punjab & Sind Bank (Since recalled)	31,41,25,108	June 2014#	Continuing
State Bank of India (since recalled)	8,84,84,635	Mar 2016	Continuing
UCO Bank (since recalled)	10,91,99,927	Sep 2015	Continuing

*Default in Term Loan # Date of NPA

The amount of default shown includes total outstanding of loans of respective banks where the bank has recalled the loan. Date of default shown is the date of first default which is still continuing even where the company may have defaulted in repayment at further dates or the loan have been recalled subsequently.

Details of defaults not continuing at the year-end

Name of Bank	Amount of Default	Date of Default	Date of default ended
Axis Bank	14,23,87,556	Feb 2015	June 2015
	7,81,84,530	Mar 2015	June 2015
	1,25,42,470	May 2015	Aug 2015
UCO Bank	6,19,55,031	Dec 2015	May 2015
Punjab National Bank	3,88,68,887	Mar 2015	Apr 2015
Corporation Bank	2,25,59,562	May 2015	June 2015

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. We are unable to quantify and give period wise details of the defaults in interest for the reasons referred in Note No. 6C (footnote) of financial statement. However, under the head "Other Current Liabilities" (Note No. 8) amounts of ₹ 5,30,79,101/- and ₹11,64,46,166/- being the "Interest Accrued and due" and "Other Payables –Overdrawn Current Account Bank Balances" respectively are the amounts of interest charged or provided for, the period of which is unascertainable.

We have not received balance confirmation from some banks and have relied on year-end balance statements of the banks. Further one of the bank having outstanding of ₹ 4,20,99,569/- has neither issued any balance confirmation nor given any bank statement as at the year end.

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

For RSVA & CO.
Chartered Accountants
FRN No.110504W

For B. Khosla & Co.
Chartered Accountants
FRN No.000205C

Shekhar Kulkarni
Partner
Membership No. 46285

Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai
Date : May 26, 2016

Place: Mumbai
Date : May 26, 2016



Annexure - B to the Auditor's Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **GOENKA DIAMOND AND JEWELS LIMITED** ("Company") as of March 31, 2016 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We 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, 2016: -

- 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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Goenka Diamond and Jewels Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These significant deficiencies/ material weaknesses was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2016 and this report affect our report on financial statements, which expressed disclaimer of opinion on those financial statements.

For RSVA & CO.
Chartered Accountants
FRN No.110504W

For B. Khosla & Co.
Chartered Accountants
FRN No.000205C

Shekhar Kulkarni
Partner
Membership No. 46285

Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai
Date : May 26, 2016

Place: Mumbai
Date : May 26, 2016



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016 ₹	As at March 31, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	31,70,00,000	31,70,00,000
Reserves And Surplus	3	2,39,91,26,959	2,71,40,32,231
Money received against share warrants		-	-
		2,71,61,26,959	3,03,10,32,231
Non-Current Liabilities			
Long-Term Borrowings	4	2,57,37,701	2,37,75,000
Long-Term Provisions	5	45,68,561	45,68,561
		3,03,06,262	2,83,43,561
Current Liabilities			
Short-Term Borrowings	6	40,06,82,726	1,56,49,38,989
Trade Payables			
a) Total outstanding dues of Micro & Small Enterprises	7	-	-
b) Total outstanding dues of creditors other than Micro & Small Enterprises		3,03,76,02,353	2,42,97,01,990
Other Current Liabilities	8	1,53,26,80,219	14,03,94,909
Short-Term Provisions	9	3,38,76,289	3,23,47,331
		5,00,48,41,588	4,16,73,83,220
	Total	7,75,12,74,809	7,22,67,59,011
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	9,75,13,095	10,36,66,347
Intangible Assets	10	-	-
Capital Work-In-Progress	10	-	-
Non-Current Investments	11	19,47,604	19,47,604
Deferred Tax Assets	12	62,94,149	1,22,22,398
Long-Term Loans and Advances	13	16,58,39,665	15,82,79,070
Other non-current assets		-	-
		27,15,94,512	27,61,15,419
Current Assets			
Current Investments	14	4,90,00,000	4,90,00,000
Inventories	15	36,88,21,284	54,91,83,506
Trade Receivables	16	6,99,23,30,064	6,27,82,40,130
Cash and Bank Balances	17	1,23,06,446	2,38,19,175
Short-Term Loans and Advances	18	3,74,53,204	3,46,44,168
Other Current Assets	19	1,97,69,299	1,57,56,614
		7,47,96,80,297	6,95,06,43,593
	Total	7,75,12,74,809	7,22,67,59,011
Significant Accounting Policies	1		
Other Notes on Financial Statements	28 to 43		
As per our report of even date attached			For & On behalf of the Board
For B. KHOSLA & CO. Chartered Accountants F.R. No.: 000205C	For RSVA & CO. Chartered Accountants F.R. No.: 110504W		NANDLAL GOENKA Chairman DIN No. 00125281
SANDEEP MUNDRA Partner M.No.: 075482 Place - Mumbai Date - May 26, 2016	SHEKHAR KULKARNI Partner M.No.: 46285		NAVNEET GOENKA MD & Chief Financial Officer DIN No. 00164428 KUNDAN TANAWADE Company Secretary

Statement of Profit & Loss for the year ended March 31, 2016

	Note No.	Year ended	Year ended
		March 31, 2016	March 31, 2015
		₹	₹
REVENUE			
Revenue From Operations	20	91,44,93,079	1,02,23,68,581
Other Income	21	1,66,55,380	12,43,44,486
Total		93,11,48,459	1,14,67,13,067
EXPENSES			
Cost of Materials Consumed	22	80,95,36,909	87,44,20,239
Purchases of Stock-In-Trade	23	-	-
Changes in Stock-In-Trade	24	5,18,29,358	3,36,52,808
Employee Benefits Expense	25	1,29,94,401	1,52,84,546
Finance Costs	26	22,95,89,032	17,44,11,301
Depreciation and Amortization Expense	10	61,53,256	1,14,62,593
Other Expenses	27	13,73,19,624	2,66,53,584
Total		1,24,74,22,580	1,13,58,85,071
Profit Before Tax		(31,62,74,121)	1,08,27,996
Tax Expense:			
(1) Current Tax (MAT)		-	35,00,000
(2) MAT Credit Entitlement		-	(5,00,000)
(3) Earlier Years Tax / MAT Credit		-	-
(4) Deferred Tax Charges/(Credits)		59,28,249	(18,54,384)
		59,28,249	11,45,616
Profit for the Year		(32,22,02,370)	96,82,380
Earnings Per Share (FV ₹1/-Each - Refer Note No.34)			
Basic and Diluted (₹)		(1.02)	0.03
Significant Accounting Policies	1		
Other Notes on Financial Statements	28 to 43		

As per our report of even date attached

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

SANDEEP MUNDRA
Partner
M.No.: 075482
Place - Mumbai
Date - May 26, 2016

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

SHEKHAR KULKARNI
Partner
M.No.: 46285

For & On behalf of the Board

NANDLAL GOENKA
Chairman
DIN No. 00125281

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



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

Cash Flow Statement for the year ended March 31, 2016

	Year ended March, 31 2016	Year ended March, 31 2015
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(31,62,74,118)	1,08,27,997
Adjustment for		
Depreciation	61,53,256	1,14,62,593
Unrealised Exchange Difference	11,65,45,888	(13,18,21,656)
Impairment of Fixed Assets	-	-
Profit of Sale of Fixed Assets	-	-
Gratuity & Leave Liabilities	-	-
Finance Charges Paid	22,95,89,032	17,44,11,301
Interest Income	(1,65,19,310)	(1,62,12,011)
Dividend Income	-	-
Operating Profit before Working Capital Changes	1,94,94,748	4,86,68,223
Adjustment for		
Trade and other receivables(including loans and advances)	(64,66,13,205)	(44,32,49,276)
Inventories	18,03,62,221	15,35,66,422
Trade payable	46,00,23,872	30,55,69,474
Other Current Liabilities	1,39,45,53,947	7,38,09,583
Cash generated from operations	1,40,78,21,584	13,83,64,427
Income Tax Paid (Net)	(7,39,678)	(7,66,835)
Fringe Benefit Tax Paid	-	-
Net cash from Operating Activities	1,40,70,81,906	13,75,97,592
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Investment(Redemption) in Mutual Fund & Fixed deposits & OCD	-	-
Non-current Investments	-	-
Interest Income	1,65,19,310	1,62,12,011
Dividend Income	-	-
Net cash from investing activities	1,65,19,310	1,62,12,011
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	(1,19,36,38,378)	1,15,88,571
Interest & Bank Commission paid on Borrowings	(22,95,89,032)	(17,44,11,301)
Dividend Paid (Including Dividend Distribution Tax)	-	-
Net cash from financing activities	(1,42,32,27,410)	(16,28,22,730)
Net increase in Cash and Cash equivalent (A+B+C)	3,73,806	(90,13,126)
Cash and Cash equivalent in the Opening balance	36,52,164	1,26,65,290
Cash and Cash equivalent in the Closing balance	40,25,970	36,52,164
Note :		
Cash and cash equivalent include cash on hand, bank balance and cheques in hand.		
Closing Cash and Cash Equivalents as per books		
Total of Cash & Cash Equivalents (Refer Note No. 17)	1,22,30,126	2,37,34,755
Fixed Deposit more than 3 months	82,04,156	2,00,82,591
Cash and Cash equivalent in the Closing balance	40,25,970	36,52,164
Cash in hand	10,60,455	7,33,689
Current Accounts	29,65,515	29,18,475
Total	40,25,970	36,52,164

As per our report of even date attached

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

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

For & On behalf of the Board

NANDLAL GOENKA
Chairman
DIN No. 00125281

SANDEEP MUNDRA
Partner
M.No.: 075482
Place - Mumbai
Date - May 26, 2016

SHEKHAR KULKARNI
Partner
M.No.: 46285

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

1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2016

A. Basis of Preparation of Financial Statements

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

B. Use of Estimates

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

C. Fixed Assets

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

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

D. Depreciation and Amortization

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

Leasehold land is amortized over the initial period of lease.

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

E. Impairment of Fixed Assets

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

F. Inventories

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



G. Investments

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

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

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

H. Revenue Recognition

Sale of Goods:

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

I. Other Income

a) Dividend on Investment:

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

b) Interest Income:

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

J. Foreign Currency Transactions:

a. Initial Recognition:

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

b. Conversion:

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

c. Exchange Differences:

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

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

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

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

K. Employee Benefits:

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

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

L. Borrowing Cost:

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

M. Leases

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

N. Earnings Per Share

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

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

O. Cash and Cash Equivalents

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

P. Segment Reporting

Identification of segments:

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

Inter segment Transfers:

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

Allocation of common costs:

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

Unallocated items:

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

Segment Policies:

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

Q. Provision for Current and Deferred Taxation:

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



and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same and are recognized using the tax rates and tax laws that have been enacted or substantively enacted.

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

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

R. Provision, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized, nor disclosed.

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note No.

2 Share Capital

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
Authorised Share Capital				
Equity Shares of ₹ 1/- each fully paid up (P/Y ₹ 1/- per share fully paid up)	33,00,00,000	33,00,00,000	33,00,00,000	33,00,00,000
Issued, Subscribed and Paid up				
Equity Shares of ₹ 1/- each fully paid up	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
		31,70,00,000		31,70,00,000

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000

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

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

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

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:				
NANDLAL GOENKA	2,60,88,750	8.23%	2,60,88,750	8.23%
NAVNEET GOENKA	11,16,15,000	35.21%	11,16,15,000	35.21%
NAND LAL GOENKA (HUF)	3,42,00,000	10.79%	3,42,00,000	10.79%
NIRMALA GOENKA (Refer Note No. 2 (d))	5,13,26,250	16.19%	5,13,26,250	16.19%

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
3 Reserves & Surplus				
A. Securities Premium Account :				
Opening Balance	1,08,85,07,042		1,08,85,07,042	
Add (Less) : Movement during the year	-		-	
	<u>1,08,85,07,042</u>		<u>1,08,85,07,042</u>	
		1,08,85,07,042		1,08,85,07,042
B. General Reserve:				
Opening Balance	99,08,000		99,08,000	
Add (Less) : Movement during the year	-		-	
	<u>99,08,000</u>		<u>99,08,000</u>	
		99,08,000		99,08,000
C. Foreign Currency Translation Reserve:				
Opening Balance	1,61,94,560		1,13,37,110	
Add (Less) : Movement during the year	72,97,095		48,57,450	
	<u>2,34,91,655</u>		<u>1,61,94,560</u>	
		2,34,91,655		1,61,94,560
D. Surplus/ (Deficit)				
Opening balance	1,59,94,22,628		1,58,97,40,248	
Add:				
Net Profit For the current year	(32,22,02,370)		96,82,380	
	<u>1,27,72,20,258</u>		<u>1,59,94,22,628</u>	
Less: Appropriations				
Proposed Dividend	-		-	
Tax on Proposed Dividend	-		-	
Surplus/ (Deficit)		<u>1,27,72,20,258</u>		<u>1,59,94,22,628</u>
		<u>2,39,91,26,959</u>		<u>2,71,40,32,231</u>
		As at		As at
		March 31, 2016		March 31, 2015
		₹		₹
4 Long Term Borrowings				
Secured Loan				
Corporate Loan from Bank		2,57,37,701		2,37,75,000
		<u>2,57,37,701</u>		<u>2,37,75,000</u>
A Nature of Security				
Credit Facilities are secured by:				
First pari-passu charge on Ground plus 3 storied commercial building located at plot no. 13, Municipal Corporation House No. 14, Ward no. 30, Kh No. 86, Street No. 161, City Survey No. 223, c A Road, Nagpur.				
B Repayment - 32 equal monthly instalment of ₹12,25,000/- each after a moratorium of 12 months from the date of first disbursement.				
Tenor - 44 months including a moratorium of 12 months				
C Interest - BPLR+2.75%				
D Current maturities of long term borrowing has been shown under "Other Current Liabilities" (refer note no. 8)				

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
5 Long Term Provisions				
Provision For Employee Benefits:				
Provision for Gratuity (Refer Note no. 31 (B))	42,86,707		42,86,707	
Provision for Compensated Absences (Refer Note no. 31 (B))	2,81,854	45,68,561	2,81,854	45,68,561
		<u>45,68,561</u>		<u>45,68,561</u>

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
6 Short Term Borrowings				
Secured:				
Loan Repayable on demand from Banks				
Pre-shipment Credit (Refer Note B & C below)	20,54,78,984		47,50,92,599	
Post-shipment Credit (Refer Note B & C below)	19,52,03,742		1,08,98,46,391	
		40,06,82,726		1,56,49,38,989
		<u>40,06,82,726</u>		<u>1,56,49,38,989</u>

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, & Office at 1305, Pancharatna, Mumbai belonging to director and their relative. 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 a Director & their relative.

B The details of continuing defaults (#) as at Balance Sheet date is as under :-

Name of Bank	Facility	Date of Default	Amount
AXIS Bank	Working Capital Limits	Dec 2015	27,72,40,074

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

Name of Bank	Facility	Date of Default #	Amount ##
Central Bank of India (Since recalled)	Working Capital Limits	Jan 2014	10,32,78,246
Corporation Bank (Since recalled)	Working Capital Limits	June 2015	20,29,89,395
Punjab National Bank (Since recalled)	Working Capital Limits	March 2016	39,80,63,808
Punjab & Sind Bank (Since recalled)	Working Capital Limits	June 2014	31,41,25,108
State Bank of India (Since recalled)	Working Capital Limits	March 2016	8,84,84,635
UCO Bank (Since recalled)	Working Capital Limits	Sept 2015	10,91,99,927
Punjab National Bank (Since recalled)	Corporate Loan	March 2016	4,58,00,000
Corporation Bank (Since recalled)	Corporate Loan	March 2016	2,49,32,494

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

The above defaults does not includes defaults of payment of interest as banks have either charged interest and added to above loan amounts at the time of crystallisation or have charged interest at year end only. Where no interest is charged, the management as a matter of prudence has accounted for probable interest liability. Also refer Note 37(c), where interest has been charged by bank but has not been accounted for by the company and 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 under " Other Current Liabilities".

	As at March 31, 2016	As at March 31, 2015
	₹	₹
7 Trade Payables		
Trade Payable		
a) Total outstanding dues of Micro & Small Enterprises	-	-
b) Total outstanding dues of creditors other than Micro & Small Enterprises	3,03,76,02,353	2,42,97,01,990
	<u>3,03,76,02,353</u>	<u>2,42,97,01,990</u>

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.

	As at March 31, 2016	As at March 31, 2015
	₹	₹
8 Other Current Liabilities		
Current Maturity of Long Term Borrowing (refer Note 4(D))	1,47,00,000	12,25,000
<u>Loans Facilities Recalled by Banks (Refer Note A below)</u>		
1) Post- Shipment Loans	87,82,32,895	-
2) Pre- Shipment Loans	33,79,08,223	-
3) Corporate Loan	7,07,32,494	-
Interest accrued and due on borrowings	5,30,79,101	1,02,86,943
Unclaimed Dividend (Refer Note B below)	76,320	84,420
Employee benefit payables	18,41,564	14,94,843
Statutory Dues(including PF,TDS etc.)	93,99,256	88,13,678
Due to director's in current account	1,37,96,399	1,02,81,575
Other Payables (Refer related Party note no. 31(B) & Note C Below)	15,29,13,968	10,82,08,451
	<u>1,53,26,80,219</u>	<u>14,03,94,909</u>

- A. Refer Note No. 6(C) for period and amounts of continuing defaults as on Balance Sheet.date. Pre-shipment loan & Corporate Loan includes ₹171,67,075/- & ₹249,32,494/- respectively for which neither bank statement nor balance confirmation certificate has been issued by the bank. However, all known transactions have been recorded in the books of accounts.
- B. Investor Education and Protection Fund to be credited by the amount as and when required.
- C. Includes ₹ 11,64,46,166/- (Previous year ₹ "7,33,57,031/-") being overdrawn balance in banks current accounts.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at		As at	
	March 31, 2016		March 31, 2015	
	₹	₹	₹	₹
9 Short Term Provisions				
Provision for employee benefits:				
Provision for Gratuity (Refer Note no. 31 (B))	44,02,599		44,02,599	
Provision for Compensated Absences (Refer Note no. 31 (B))	54,916	44,57,515	54,916	44,57,515
Provision for Taxation (Net of Advance Tax)		2,94,18,774		2,78,89,816
		3,38,76,289		3,23,47,331

10 FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As on 01.04.2015	Addition during the period	Deductions during the year	Total as on 31.03.2016	Upto 01.04.2015	Provided during the period	Total upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
A. Tangible Assets										
1	Leasehold Factory land	27,36,000	-	-	27,36,000	16,87,200	1,82,400	18,69,600	8,66,400	10,48,800
2	Leasehold land	6,68,41,421	-	-	6,68,41,421	66,84,141	22,28,048	89,12,189	5,79,29,232	6,01,57,280
3	Buildings	6,80,14,381	-	-	6,80,14,381	3,38,65,163	23,49,169	3,62,14,332	3,18,00,049	3,41,49,218
4	Plant & Machinery	1,53,30,092	-	-	1,53,30,092	97,09,224	7,22,509	1,04,31,733	48,98,358	56,20,867
5	Electric Installation	22,86,599	-	-	22,86,599	16,33,707	2,35,398	18,69,105	4,17,494	6,52,892
6	Furniture & Fixtures	16,95,868	-	-	16,95,868	12,58,836	1,41,616	14,00,452	2,95,415	4,37,032
7	Office Equipment	61,52,084	-	-	61,52,084	54,57,779	2,94,116	57,51,895	4,00,189	6,94,305
8	Vehicle	1,12,80,229	-	-	1,12,80,229	1,07,40,009	-	1,07,40,009	5,40,220	5,40,220
9	Computers	73,37,800	-	-	73,37,800	69,72,062	-	69,72,062	3,65,738	3,65,737
10	Improvement on Leasehold Premises	1,46,13,893	-	-	1,46,13,893	1,46,13,893	-	1,46,13,893	-	-
B. Intangible Assets										
1	Computer Software	8,63,910	-	-	8,63,910	8,63,910	-	8,63,910	-	-
C. Capital Work in Progress										
	Total	19,71,52,277	-	-	19,71,52,277	9,34,85,925	61,53,256	9,96,39,182	9,75,13,095	10,36,66,352
	Total for Previous year	19,71,52,277	-	-	19,71,52,277	8,20,23,333	1,14,62,593	9,34,85,925	10,36,66,352	11,51,28,940

Notes:

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



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

11 Non Current Investment

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

	Gross Amount		Diminution in Value of Investment		Net Amount	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
a. Trade Investment (Unquoted)						
1 Investment in Equity Instruments						
Investment in Subsidiary (Fully Paid up) :						
A) Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC..	2,03,190	2,03,190	-	-	2,03,190	2,03,190
B) 50 share of AED 1000 each being 100% of the issued Capital of Goenka Diamond & Jewels DMCC.	7,44,414	7,44,414	-	-	7,44,414	7,44,414
2 Investment in Partnership Firm						
Solitaire Diamonds Exports	10,00,000	10,00,000	-	-	10,00,000	10,00,000
Total	19,47,604	19,47,604	-	-	19,47,604	19,47,604

b. Details of Investment in Partnership Firm

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

c. Notes:-

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

As at March 31, 2016		As at March 31, 2015	
₹	₹	₹	₹

12 Deferred Tax Assets

Deferred Tax Assets

On account of Gratuity & Compensated Absences	29,28,510	28,47,130
On account of Depreciation	33,65,639	1,22,22,398
	62,94,149	1,22,22,398

Net deferred tax charge/(credit) for the year of ₹ 59,28,249/- (Previous year ₹ (1,854,384)) has been recognized in the Statement of Profit and Loss for the year.

As a matter of prudence the management has not recognised deferred tax assets on carried forward losses.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016	As at March 31, 2015
	₹	₹
13 Long Term Loans And Advances		
(Unsecured and considered good, unless otherwise stated)		
Loan to Subsidiary	12,93,49,155	12,20,52,060
Security Deposits #	23,16,975	20,53,475
MAT Credit Entitlement	3,41,73,535	3,41,73,535
	<u>16,58,39,665</u>	<u>15,82,79,070</u>

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

	As at March 31, 2016	As at March 31, 2015
	₹	₹
14 Current Investments		
(At lower of Cost or Market Price)		
a Investment in 12% Optional Convertible Debenture (Unquoted)	Number	Number
Gem Gold Mining Pvt. Ltd. (Refer Note 37 (e))	4,90,000	4,90,000
	<u>4,90,00,000</u>	<u>4,90,00,000</u>
b Notes:-	-	-
1. Aggregate amount of Quoted Investment	-	-
2. Market value of Quoted Investment	-	-
3. Aggregate amount of Non Quoted Investment	4,90,00,000	4,90,00,000
4. Aggregate amount of provision for diminution in value of Investment	-	-

	As at March 31, 2016	As at March 31, 2015
	₹	₹
15 Inventories		
(Cost or Market Price, whichever is lower)		
(As taken, valued and certified by the Management)		
Raw Materials	22,82,58,972	35,67,91,836
Stock in Process	-	-
Finished Goods	14,05,62,312	19,23,91,670
	<u>36,88,21,284</u>	<u>54,91,83,506</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
16 Trade Receivables		
(Unsecured and considered good unless otherwise stated)		
Outstanding for more than Six Months from the date they are due for payments (Refer footnotes) (Refer Note No..37 (B))	6,64,77,03,367	5,38,73,16,029
Others	34,46,26,697	89,09,24,101
	<u>6,99,23,30,064</u>	<u>6,27,82,40,130</u>

- 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 economic slowdown especially in diamond sector. Nonetheless, the Trade receivables amounting to ₹ 322,94,87,505/- have confirmed the balances by way of confirmations directly sent to auditors and/or Company. Looking at the past record regarding recovery from Trade receivables, the management is of the opinion that trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable and therefore no provision is required to be made against these Trade Receivables
- b Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (J) (c), Trade Receivables denominated in foreign currency outstanding prior to April 1, 2014 amounting to ₹ 534,14,25,587/- 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 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.

	As at March 31, 2016 ₹	As at March 31, 2015 ₹
17 Cash And Bank Balances		
Cash and cash equivalents		
Cash on hand	10,60,455	7,33,689
Balance with Banks	29,65,515	29,18,475
Total (A)	<u>40,25,970</u>	<u>36,52,164</u>
Other Bank Balances		
(a) Unpaid Dividend Bank Account	76,320	84,420
(b) Bank Deposits		
Pledged*	82,04,156	2,00,82,591
Non Pledged	-	-
Total (B)	<u>82,80,476</u>	<u>2,01,67,011</u>
Total (A+B)	<u>1,23,06,446</u>	<u>2,38,19,175</u>

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at		As at	
	March 31, 2016		March 31, 2015	
	₹		₹	
18 Short Term Loans And Advances				
(Unsecured and considered good unless otherwise stated)				
Advance To Staff		58,131		1,32,987
Loans & Advances to				
-Subsidiary (Refer footnote & Note 37 (d))	3,23,46,283		2,32,67,035	
-Partnership Firm	-	3,23,46,283	-	2,32,67,035
Advance To Suppliers		21,46,444		4,05,000
Prepaid Expenses		21,05,721		1,00,42,521
Balances with Tax Authorities		7,95,625		7,95,625
Others				
-Considered Good	1,000		1,000	
-Considered Doubtful	-		-	
	1,000		1,000	
Less - Provided for	-	1,000	-	1,000
		3,74,53,204		3,46,44,168

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

	As at		As at	
	March 31, 2016		March 31, 2015	
	₹		₹	
19 Other Current Assets				
Interest Accrued on deposits / debentures (Refer Note No. 37 (e))		1,97,69,299		1,57,56,614
Others		-		-
		1,97,69,299		1,57,56,614

	Year ended		Year ended	
	March 31, 2016		March 31, 2015	
	₹	₹	₹	₹
20 Revenue From Operations				
Sale of Products:				
Export Sales	77,54,81,942		90,28,99,670	
Domestic Sales	14,04,84,006	91,59,65,948	12,23,93,704	1,02,52,93,374
Share of Profit / (Loss) from Partnership Firm		(14,72,869)		(29,24,793)
		91,44,93,079		1,02,23,68,581



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016	Year ended March 31, 2015
	₹	₹
21 Other Income		
Interest	1,65,19,310	1,62,12,011
Liability No Longer required	16,070	11,27,905
Other Income	1,20,000	1,24,506
Exchange Fluctuation (Net)	-	10,68,80,065
	<u>1,66,55,380</u>	<u>12,43,44,486</u>

	Year ended March 31, 2016		Year ended March 31, 2015	
	₹	₹	₹	₹
22 Cost Of Material Consumed				
Materials Consumed				
Opening Raw Material / Material-in-process	35,67,91,836		47,67,05,449	
Add: Purchases	68,10,04,045		75,45,06,625	
	<u>1,03,77,95,881</u>		<u>1,23,12,12,075</u>	
Less: Closing Raw Material / Material-in-process	22,82,58,972	80,95,36,909	35,67,91,836	87,44,20,239
		<u>80,95,36,909</u>		<u>87,44,20,239</u>
Broad Heads for Materials Consumed				
Gold & Alloy		19,45,861		37,55,060
Cut & Polish Diamonds and Colour Stones		80,75,91,048		87,06,65,178
		<u>80,95,36,909</u>		<u>87,44,20,239</u>

	Year ended March 31, 2016	Year ended March 31, 2015
	₹	₹
23 Purchases Of Stock-In-Trade		
Purchases of Finished Goods	-	-
	<u>-</u>	<u>-</u>

	Year ended March 31, 2016		Year ended March 31, 2015	
	₹	₹	₹	₹
24 Changes In Stock-In-Trade				
Decrease/(Increase) of Stock-in-Trade consists of				
Opening Stocks				
Finished Goods	19,23,91,670		22,60,44,478	
	<u>19,23,91,670</u>		<u>22,60,44,478</u>	
Less: Closing Stocks				
Finished Goods	14,05,62,312		19,23,91,670	
	<u>14,05,62,312</u>		<u>19,23,91,670</u>	
		<u>5,18,29,358</u>		<u>3,36,52,808</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
25 Employees Benefit Expense		
Salaries, Wages, Bonus etc.	1,22,46,646	1,44,50,371
Contributions to Provident and Other Funds	5,39,457	5,59,161
Staff Welfare Expenses	2,08,298	2,75,014
	<u>1,29,94,401</u>	<u>1,52,84,546</u>
	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
26 Financial Cost		
Interest		
- On Working Capital Facilities	20,54,80,680	14,84,07,897
- Other Finance Charges	1,84,25,308	2,04,84,848
- Interest on Delayed Payment of Taxes	56,83,044	55,18,556
	<u>22,95,89,032</u>	<u>17,44,11,301</u>
	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
27 Other Expenses		
a. Manufacturing Expenses		
Electricity & Water expenses	27,690	96,557
Factory Rent	1,67,290	13,32,428
Misc Factory Expenses	15,55,787	8,71,431
Factory Repair & Maintenance	-	1,65,036
Total (A)	<u>17,50,767</u>	<u>24,65,452</u>
	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
b. Administrative & Selling Expenses		
Rent, Rates and Taxes	16,67,500	15,90,000
Water & Electricity	11,39,450	12,44,214
Insurance	3,75,706	9,97,877
Travelling and Conveyance	17,88,083	49,70,568
Legal and Professional	26,79,798	51,00,146
Postage and Telephone	3,36,862	5,23,584
Printing and Stationery	1,94,784	2,02,376
Advertisement and Business Promotion	10,19,623	23,68,681
Brokerage and Commission	67,416	4,00,788
Directors' Remuneration	14,93,793	15,60,000
Director's Sitting Fees	3,23,970	3,93,260
Misc. Expenses	16,55,611	27,87,216

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Year ended</u>		<u>Year ended</u>	
	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	₹		₹	
Repair & Maintenance		75,709		3,47,488
Export and Selling Expenses		5,34,314		6,31,411
Diamond Certification Charges		14,828		63,385
Exhibition Expenses		-		-
Auditors' Remuneration				
- Statutory Audit Fees	9,43,875		9,69,105	
- Taxation Matters	-		23,595	
- for Other services	-		-	
- Reimbursement Of Expenses	54,079	9,97,954	14,438	10,07,138
Exchange Fluctuation (Net)		12,12,03,456		-
Total (B)		13,55,68,857		2,41,88,132
Total Other Expenses	Total (A+B)	13,73,19,624		2,66,53,584

	<u>Year ended</u>		<u>Year ended</u>	
	<u>March 31, 2016</u>		<u>March 31, 2015</u>	
	₹		₹	
28 Value and % of Material Consumption	%		%	
Raw Materials and Components:				
Imported	64%	51,41,89,712	67%	58,63,49,076
Indigenous	36%	29,53,47,196	33%	28,80,71,163
	100%	80,95,36,909	100%	87,44,20,239
29 Value of Imports on C.I.F. basis				
a Import of goods in C.I.F. value		53,49,52,335		61,29,69,171
30 Earnings in Foreign Currency (Accrual basis)				
Export of goods calculated on F.O.B. basis		77,50,70,125		90,26,29,457
Interest		90,79,248		85,43,644
31 The Company has classified various benefits provided to employees as under:				
A. Defined Contribution Plans				
a. Provident Fund				
b. State Defined Contribution Plan				
c. Employers' Contribution to Employees' State Insurance				
The Company has recognised the following amounts in the Statement of Profit and Loss:				
		<u>Year ended</u>		<u>Year ended</u>
		<u>March 31, 2016</u>		<u>March 31, 2015</u>
		₹		₹
Employer's contribution to Provident Fund		3,97,602		3,93,741
Employer's contribution to Employees State Insurance		1,41,855		1,65,252
Employer's Contribution to Maharashtra Labour Welfare Fund		-		168
B. Defined Benefit Plans				
a. Gratuity Liability (Unfunded Scheme) : In accordance with the Accounting Standard (AS 15) (Revised 2005) "Employee Benefits", actuarial valuation was performed in respect of the Gratuity Liability based on the following assumptions:				

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
	Gratuity	Gratuity
Discount Rate (per annum)	7.95%	7.70%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Rate of return on Plan Assets (for Funded Scheme)	Nil (Non-Funded)	Nil (Non-Funded)

I. Change in the Present Value of Defined Benefit Obligation

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
	Gratuity	Gratuity
Present value of defined benefit obligation as at beginning of the year	33,96,590	80,60,587
Interest cost	2,33,826	5,38,468
Past Service cost	-	-
Current service cost	3,49,678	6,42,876
Benefits paid	-	-
Actuarial (gain) / loss on obligations	(28,60,794)	(58,45,341)
Present value of defined benefit obligation as at the end of the year	11,19,300	33,96,590

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

Particulars	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
	Gratuity	Gratuity
Present value of unfunded obligation as at end of the year	11,19,300	33,96,590
Fair value of plan assets as at end of the year	-	-
Funded Asset recognised in the Balance Sheet	-	-
Unfunded obligation recognised in the Balance Sheet	11,19,300	33,96,590
Shown as		
Non-Current Provision (refer note no. 5)	42,86,707	42,86,707
Current Provision (refer note no. 9 & (c) below)	44,02,599	44,02,599



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
	Gratuity	Gratuity
Current service cost	3,49,678	6,42,876
Past service cost	---	---
Interest cost	2,33,826	5,38,468
Expected Return on Plan Assets	---	1,30,964
Net Actuarial (gain) / Loss recognised in the period	(28,60,794)	(59,76,306)
Total Expenses recognised in the Statement of Profit and Loss * (refer Note C below)	(22,77,290)	(46,63,998)

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

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

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

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
Particulars	₹	₹
	Compensated Absences	Compensated Absences
Unfunded obligation recognised in the Balance Sheet	3,36,770	3,36,770
Shown as		
Non-Current Provision (refer note no. 4)	2,81,854	2,81,854
Current Provision (refer note no. 8 & (c) below)	54,916	54,916

c Based on the Actuarial valuation by Independent Actuary, there is decrease in gratuity obligation by ₹ 75,70,006/- upto March 31, 2016. However, the company has continued with the existing provision and has not reversed such decrease in obligation.

d Based on the Actuarial valuation by Independent Actuary, there is decrease in leave benefits obligation by ₹ 50,110/- upto March 31, 2016. However, the company has continued with the existing provision and has not reversed such decrease in obligation.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

32 Related Party Disclosures:

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

Subsidiaries (Direct)

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

Enterprises in which Key management personnel are interested :

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

Key Management Personnel (KMP):

1. Sh Nandlal Goenka
2. Sh Navneet Goenka
3. Sh Nitin Goenka (till February 10, 2016)

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)
5. Smt. Dhriti Goenka (Wife of Sh Nitin Goenka)



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

B. Related Party Transactions

Nature of Transactions	Subsidiary		Key Managerial Personnel		Relative of Key Managerial Personnel / Associates / Others	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
a. Rent Paid						
1. Nandlal Goenka	-	-	9,90,000	9,90,000	-	-
2. Bhawna Goenka	-	-	-	-	3,00,000	3,00,000
3. Nirmala Goenka	-	-	-	-	3,00,000	3,00,000
b. Remuneration #						
1. Nandlal Goenka	-	-	6,00,000	6,00,000	-	-
2. Navneet Goenka	-	-	4,80,000	4,80,000	-	-
3. Nitin Goenka	-	-	4,13,793	4,80,000	-	-
c. Perquisites						
1. Navneet Goenka	-	-	2,24,400	2,24,400	-	-
2. Nandlal Goenka	-	-	1,59,600	79,200	-	-
d. Interest Received	90,79,248	85,43,644	-	-	58,80,000	58,80,000
e. Share of Profit from Partnership Firm					(14,72,869)	(29,24,793)
(ii) Balances as at 31.03.2016						
1. Loans Given						
i. Goenka Diamond & Jewels DMCC	12,93,49,155	12,20,52,060	-	-	-	-
2. Advances						
i. Goenka Diamond & Jewels DMCC	2,63,67,798	1,72,88,550				
ii. M B Diamonds LLC	1,63,59,529	1,63,59,529				
3. Security Deposits						
i. Nandlal Goenka	-	-	50,000	50,000	-	-
ii. Nitin Goenka	-	-	50,000	50,000	-	-
iii. Bhawna Goenka	-	-	-	-	50,000	50,000
iv. Nirmala Goenka	-	-	-	-	50,000	50,000
4. Credit Balance of following parties						
i. Nandlal Goenka	-	-	76,48,466	49,36,182	-	-
ii. Navneet Goenka	-	-	5,77,070	1,42,630	-	-
iii. Nitin Goenka	-	-	55,70,763	52,02,763	-	-
iv. Bhawna Goenka	-	-	-	-	5,85,800	3,15,800
v. Nirmala Goenka	-	-	-	-	7,65,000	4,95,000
5. Investment in Subsidiaries	9,47,604	9,47,604	-	-	-	-
6. Investment in Others						
i. Gem Gold Mining Pvt. Ltd.	-	-	-	-	4,90,00,000	4,90,00,000
ii. Solitaire Diamond Exports	-	-	-	-	10,00,000	10,00,000
7. Balance in Current A/c- Partnership Firm (Solitaire Diamond Exports)	-	-	-	-	(3,32,34,568)	(3,24,07,845)

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

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

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

Amount Received from IPO		1,26,50,85,000	1,26,50,85,000	1,26,50,85,000
Sl. No.	Particulars of proposed reallocated expenditure	Proposed	Actual	Actual
			31-Mar-16	31-Mar-15
1	For expansion and establishment of new retail stores either by way of lease or outright purchase and increase in production capacity of Diamond and Jewellery manufacturing facilities and other general capex required for expansion	11,43,84,000	11,43,84,000	11,43,84,000
2	Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner	20,00,00,000	18,93,59,193	18,45,01,743
3	Working Capital Requirement for business	84,59,96,000	84,59,96,000	84,59,96,000
4	General Corporate Purposes	2,18,37,000	2,18,37,000	2,18,37,000
5	Issue Expenses	8,28,68,000	8,28,68,000	8,28,68,000
	Total	1,26,50,85,000	1,25,44,44,193	1,24,95,86,743
	Unutilized Amount Represented by			
	Investments in Mutual Funds & Govt. Bonds		-	-
	Bank Balance / Fixed Deposits		1,06,40,807	1,54,98,257

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

34	Earnings Per Share (EPS) #	Year ended	Year ended
		March 31, 2016	March 31, 2015
		₹	₹
a.	Profit after Tax (₹)	(32,22,02,370)	96,82,380
	- Before Exceptional Item	(32,22,02,370)	96,82,380
	- After Exceptional Item	(32,22,02,370)	96,82,380
b.	Dividend on Preference Shares (₹)	-	-
c.	Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)	(32,22,02,370)	96,82,380
d.	Weighted average number of Equity shares Outstanding during the year for basic EPS (After adjustment for sub-division of shares during current financial year)	31,70,00,000	31,70,00,000
e.	Weighted average number of Equity Shares outstanding during the year for Diluted EPS (After adjustment for sub-division of shares during current financial year)	31,70,00,000	31,70,00,000
f.	Basic Earnings Per Share		
	- Before Exceptional Item	(1.02)	0.03
	- After Exceptional Item	(1.02)	0.03
g.	Diluted Earnings Per Share		
	- Before Exceptional Item	(1.02)	0.03
	- After Exceptional Item	(1.02)	0.03
35	Contingent Liabilities & Commitments	Year ended	Year ended
		March 31, 2016	March 31, 2015
	Commitment:	₹	₹
	Pending Capital Commitment	NIL	NIL
	Contingent Liabilities		
(a)	Claims against the Company not acknowledged as debts		
	Refer Note 37 (c) regarding interest on recalled loans or loans classified by the banks as NPA where interest is either not applied or penal interest/higher rate of interest is applied. The Company in its best judgement has provided all probable interest liability. Any excess interest charged or remaining to be charged by the banks has not been acknowledge as debts by the company and shall be accounted for as and when the same is settled. In absence of complete details, the amount is unascertained.		
i)	Income Tax Matters (Against which company has preferred appeals)	77,55,47,414	1,62,20,942
	(Pertaining to AY 2004-05, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 (P.Y. AY 2004-05, AY 2008-09 to AY 2011-12)		
ii)	Service Tax Matter (Appeal filed by company)	6,22,540	6,22,540
iii)	Punjab Value Added Tax demand against which company has preferred appeal	31,82,500	31,82,500
iv)	The Company does not envisage any liability in respect of income tax on account of exchange gain on restatement of trade receivables, as it is likely to be offset with additional interest provision, if company were to pay interest at applicable rate including penal interest. Further, any income tax liability on account of non-adjustment or non-disallowance of income and/ or expenses that may arise on income tax proceeding shall be accounted for on final assessment.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- 36** The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at ₹ 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts
- 37** (a) In the financial year 2013-2014, disputes amongst promoters arose under which allegations and counter allegation were made and legal actions were initiated amongst promoters. However, thereafter the promoters arrived at the settlement with the help of court mediation vide settlement agreement executed on March 18, 2014 which is at the final stage of implementation. The management reiterates that no adjustment is required in the financial statements for the terms and conditions of settlement agreement executed and on account of the above disputes. allegations and legal actions.
- (b) Due to certain unfavourable developments and sluggish market in earlier periods, there is substantial decrease in sales and volume of the business. Recoveries from trade receivables are slow and there is a temporary mismatch in the cash flow resulting in overdue creditors, default in repayment of statutory dues and dues to banks owing to which some 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 is in process of initiating legal actions against such debtors, wherever considered necessary. Further, the management is taking all possible steps to revive the business operations and intend to approach consortium bankers for restructuring of the its entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation in phased manner. At the same time, management is hopeful that it will be able to raise adequate finance from internal accruals and alternate means to meet its short term and long term obligations. Hence the accounts of the Company are prepared on going concern basis..
- (c) Consequent to defaults in re-payment of loan and payment of interest, majority of consortium banks classifying the account as NPA and have recalled their loans. These banks are either not charging interest or have charged excess interest in earlier years. In order to account all probable interest liability, the management in its best judgment has provided interest on such loan. Any difference on account of interest and penal interest shall be accounted for as when the interest is charged, adjusted or settled by the banks.
- (d) No provision has been made on an investment of ₹ 2,03,190/- and advance given of ₹ 1,63,59,529/- by the Company to its subsidiary namely M/s. M. B. Diamond LLC (Russia) whose net-worth is negative as the management is of view that the investment is in the nature of long term investment and the diminution in value is temporary in nature. The management is confident that the subsidiary shall revive its business operations in near future.
- (e) The company had invested in 12% Optionally Convertible unsecured debentures of ₹ 4.90 Crores on which no interest has been received since beginning. The management is of the view that no provision is required against the said investment and interest accrued thereon, as there is substantial value in the investee company and it shall be able to pay the interest and principal amount due.

38 Disclosure in respect of derivative instruments as at March 31, 2016

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

Year ended March 31, 2016		Year ended March 31, 2015	
Type Of Currency	Value of Contract	Type Of Currency	Value of Contract
USD / INR	NIL	USD / INR	NIL

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

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

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

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

Particular	Amount in INR		In Foreign Currency in USD	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Trade Recievable	6,987,211,286	6,273,120,937	\$ 110,149,830.90	\$ 100,224,329.08
Trade Payable	2,971,278,902	2,381,344,858	\$ 44,793,441.90	\$ 38,046,244.15
Receivable from Subsidiary Co.	6,335,920	5,978,485	\$ 95,517.00	\$ 95,517.00
EBRD & PCFC Loan	736,638,956	533,605,253	\$ 11,105,182.44	\$ 8,525,298.49
Bank Current Account	78,539	74,108	\$ 1,184.01	\$ 1,184.01
Loan to Subsidiary Company	129,349,155	122,052,060	\$ 1,950,000.00	\$ 1,950,000.00

39 Segment Reporting

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

A) Primary Segment : Business Segment

Particulars	As at March 31, 2016				As at March 31, 2015			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	84,93,74,125	6,51,18,954	-	91,44,93,079	83,41,67,085	18,82,01,496	-	1,02,23,68,581
Results								
Segment Results	(10,87,04,865)	2,53,68,042	-	(8,33,36,824)	14,87,94,035	4,39,16,582	-	19,27,10,617
Operating Profit				(8,33,36,819)				19,27,10,616
Other Income				1,66,55,380				1,63,36,517
Unallocable Expenses				(2,00,03,641)				(2,38,21,263)
Interest Expenses				(22,95,89,031)				(17,43,97,874)
Net Profit Before Tax.				(31,62,74,121)				1,08,27,996
Segment Assets	6,60,42,44,038	85,82,52,019	28,87,78,752	7,75,12,74,809	6,12,85,50,344	84,78,23,322	25,03,85,346	7,22,67,59,012
Segment Liabilities	2,99,84,59,589	4,01,30,728	1,99,65,57,533	5,03,51,47,851	2,43,25,41,349	4,07,57,741	1,72,24,27,691	4,19,57,26,781
Net Capital Employed	3,60,57,84,449	81,81,21,291	(1,70,77,78,781)	2,71,61,26,958	3,69,60,08,995	80,70,65,581	(1,47,20,42,345)	3,03,10,32,231
Capital Expenditure	-	-	-	-	-	-	-	-
Depreciation & Amortization	29,96,610	24,87,234	6,69,408	61,53,252	68,92,398	38,32,632	7,37,562	1,14,62,593

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B) Secondary Segment : Geographical Segment

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Segment Revenue by Customer's Location	14,04,84,006	77,40,09,073	91,44,93,079	12,23,93,704	89,99,74,877	1,02,23,68,581
Segments Assets	1,47,76,66,863	6,27,36,07,946	7,75,12,74,809	95,31,51,066	6,27,36,07,946	7,22,67,59,012

40 Obligation towards operating Leases

	Year ended March, 31 2016	Year ended March, 31 2015
Operating Lease Obligation	₹	₹
Not Later than one year	15,90,000	15,90,000
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	15,90,000	15,90,000

41 Advances to Subsidiary / Partnership Firm

Particular	Maximum Amount Outstanding		Year End Balance	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
M/s. M B Diamonds LLC (Subsidiary)	59,78,485	59,78,485	59,78,485	59,78,485
M/s. Solitaire Diamond Exports (a Partnership Firm)	NIL	NIL	NIL	NIL
M/s. Goenka Diamond & Jewels DMCC (WOS)	12,93,49,155	1,22,05,060	12,93,49,155	1,22,05,060

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

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

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

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

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

SANDEEP MUNDRA
Partner
M.No.: 075482
Place - Mumbai
Date - May 26, 2016

SHEKHAR KULKARNI
Partner
M.No.: 46285

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



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

We have audited the accompanying consolidated financial statements of Goenka Diamond and Jewels Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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

Basis of Qualified Conclusions

Refer Note No.15 (b), the holding company has not reported Trade Receivables denominated in foreign currency outstanding for more than two years amounting to ₹ 534,14,25,587/- using the closing rate which is not in accordance with Accounting Standard 11 "Effects of changes in foreign exchange rates" and accounting policy adopted by the Group. Accordingly, the Trade receivables are understated by ₹ 31,93,46,433/- and loss before tax would have been reduced by ₹ 31,93,46,433/- and loss after tax would have been to ₹ 24,20,55,558/-.

Basis of Disclaimer of Opinion

- a. *Refer Note No. 15 (a) regarding Trade Receivables amounting to ₹751,35,28,818/- which includes ₹716,89,02,123/- outstanding of more than six months. Though, confirmations amounting to ₹ 3,22,94,87,505/- were received from Trade Receivables on the request by the management, there have been defaults on payment obligations by the debtors on due date and recoveries from these debtors are not significant. In view of the above we are unable to comment on the time-frame of the realisability of these debts and any provision to be made for un-realisation in the carrying amount of these balances and the consequent impact on the financial statements.*
- b. *Refer Note No. 33 regarding Group's operating results have been materially affected due to various factors including non-realization of trade receivables, dispute amongst promoters, non-availability of finance due to recall of loans by majority of banks in consortium, overall substantial decrease in volume of business and sales, non-payment of statutory dues and taxes, overdue creditors, defaults in repayment of loans and interest, non realization of interest on investment in debentures. These events cause significant doubts on the ability of the group to continue as a going concern. The appropriateness of the going concern assumption as mentioned in Note No 33 is dependent on the group's ability to raise adequate finance from alternative means and / or recoveries from overseas trade receivables to meet its short term and long term obligations as well as to establish consistent business operations.*

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

Disclaimer of Opinion

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

Emphasis of Matter

We draw attention to

- i. *Significant accounting policy No. 1(G) regarding valuation of inventory is based on determination of estimated net realizable value and specific identification involving technical judgment of management and which has been relied upon by us.*
- ii. *As mentioned in Note no. 33(c) that majority of banks in consortium have classified its loans to holding company as NPA and have recalled their loans are either not charging interest or have charged excess interest in earlier years. In order to account all probable liabilities the management in its best judgment has provided interest on such loans. The management is of the opinion that any difference on account of interest, penal interest shall be accounted for as and when the interest is charged or adjusted by the banks. Further, refer Note no. 8 (footnote) regarding one of the bank having outstanding dues of ₹ 4,20,99,570/- has neither issued bank statements nor confirmed balance outstanding as at year-end. However, the management has confirmed that all transactions have been recorded in the books of accounts and which has been relied upon by us.*

Other Matter

We did not audit the financial statements of Two subsidiaries companies and a subsidiary entity, whose financial statements reflects total assets of ₹ 78,99,03,340/- as at March 31, 2016, total revenues of ₹ NIL and net cash outflows amounting to ₹ 1,78,116/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our report on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

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



Report on Other Legal and Regulatory Requirements

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

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

For RSVA & CO.
Chartered Accountants
FRN No.110504W

Shekhar Kulkarni
Partner
Membership No. 46285

Place: Mumbai

Date : May 26, 2016

For B. Khosla & Co.
Chartered Accountants
FRN No.000205C

Sandeep Mundra
Partner
Membership No. 75482

Place: Mumbai

Date : May 26, 2016

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CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

	Note	As at March 31, 2016 ₹	As at March 31, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	31,70,00,000	31,70,00,000
Reserves And Surplus	3	2,48,21,41,184	3,02,37,14,375
Money received against share warrants		-	-
		2,79,91,41,184	3,34,07,14,375
Minority Interest		8,46,195	4,01,885
Non-Current Liabilities			
Long-Term Borrowings	4	2,57,37,701	2,37,75,000
Long-Term Provisions	5	45,68,561	45,68,561
		3,03,06,262	2,83,43,561
Current Liabilities			
Short-Term Borrowings	6	42,66,90,315	1,59,09,37,169
Trade Payables			
a) Total outstanding dues of Micro & Small Enterprises	7	-	-
b) Total outstanding dues of creditors other than Micro & Small Enterprises		3,57,71,67,201	3,14,04,50,479
Other Current Liabilities	8	1,50,08,00,618	10,95,08,529
Short-Term Provisions	9	3,37,30,346	3,22,09,294
		5,53,83,88,480	4,87,31,05,471
Total		8,36,86,82,121	8,24,25,65,292
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	9,86,05,113	10,48,62,950
Intangible Assets	10	15,28,061	15,28,061
Capital Work-In-Progress	10	-	-
Non-Current Investments		-	-
Deferred Tax Assets	11	62,94,149	1,22,22,398
Long-Term Loans and Advances	12	3,85,26,315	3,82,61,962
Other non-current assets		-	-
		14,49,53,638	15,68,75,371
Current Assets			
Current Investments	13	4,90,00,000	4,90,00,000
Inventories	14	62,18,51,901	86,62,78,302
Trade Receivables	15	7,51,35,28,818	7,11,46,27,868
Cash and Bank Balances	16	1,25,55,326	2,42,46,171
Short-Term Loans and Advances	17	57,93,332	1,29,24,524
Other Current Assets	18	2,09,99,105	1,86,13,056
		8,22,37,28,483	8,08,56,89,921
Total		8,36,86,82,121	8,24,25,65,292
Significant Accounting Policies	1a		
Other Notes on Financial Statements	27 to 34		
As per our report of even date attached For B. KHOSLA & CO. Chartered Accountants F.R. No.: 000205C	For RSVA & CO. Chartered Accountants F.R. No.: 110504W	For & On behalf of the Board NANDLAL GOENKA Chairman DIN No. 00125281	
SANDEEP MUNDRA Partner M.No.: 075482 Place - Mumbai Date - May 26, 2016	SHEKHAR KULKARNI Partner M.No.: 46285	NAVNEET GOENKA MD & Chief Financial Officer DIN No. 00164428 KUNDAN TANAWADE Company Secretary	



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Note No.	Year ended	Year ended
		March 31, 2016	March 31, 2015
		₹	₹
REVENUE			
Revenue From Operations	19	91,59,65,948	1,02,52,93,374
Other Income	20	75,77,082	11,24,32,636
Total		92,35,43,030	1,13,77,26,010
EXPENSES			
Cost of Materials Consumed	21	80,95,36,909	87,44,20,238
Purchases of Stock-In-Trade	22	-	-
Changes in Stock-In-Trade	23	11,58,93,537	2,50,79,022
Employee Benefits Expense	24	1,41,49,159	1,62,41,230
Finance Costs	25	22,96,04,771	17,44,81,022
Depreciation and Amortization Expense	10	62,57,834	1,15,67,660
Other Expenses	26	28,99,01,698	2,83,25,915
Total		1,46,53,43,909	1,13,01,15,087
Profit Before Tax		(54,18,00,880)	76,10,923
Tax Expense:			
(1) Current Tax (MAT)		-	35,00,000
(2) MAT Credit Entitlement		-	(5,00,000)
(3) Earlier Years Tax		-	-
(4) Deferred Tax Charges/(Credits)		59,28,249	(18,54,384)
		59,28,249	11,45,616
Profit Before Minority Interest		(54,77,29,129)	64,65,307
Minority Interest		(4,29,309)	6,77,066
Profit for the Year		(54,81,58,438)	71,42,373
Earnings Per Share (FV ₹1/-Each - Refer Note No.29)			
Basic / Diluted (₹)			
Before Extra-Ordinary Item		(1.73)	0.02
After Extra-Ordinary Item		(1.73)	0.02
Significant Accounting Policies	1		
Other Notes on Financial Statements	27 to 34		
As per our report of even date attached		For & On behalf of the Board	
For B. KHOSLA & CO.	For RSVA & CO.	NANDLAL GOENKA	
Chartered Accountants	Chartered Accountants	Chairman	
F.R. No.: 000205C	F.R. No.: 110504W	DIN No. 00125281	
SANDEEP MUNDRA	SHEKHAR KULKARNI	NAVNEET GOENKA	
Partner	Partner	MD & Chief Financial Officer	
M.No.: 075482	M.No.: 46285	DIN No. 00164428	
Place - Mumbai		KUNDAN TANAWADE	
Date - May 26, 2016		Company Secretary	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS	Year ended March, 31 2016 ₹	Year ended March, 31 2015 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	(54,18,00,880)	76,10,923
Adjustment for		
Depreciation	62,57,834	1,15,67,660
Unrealised Exchange Difference	11,78,86,033	(12,30,07,720)
Foreign Currency Translation Reserve	66,00,250	43,81,192
Impairment of Fixed Assets	-	-
Profit on Sale of Fixed Assets	-	-
Gratuity & Leave Liabilities	-	-
Finance Charges Paid	22,96,04,771	17,44,81,022
Interest Income	(74,41,012)	(78,66,339)
Dividend Income	-	-
Operating Profit before Working Capital Changes	(18,88,93,003)	6,71,66,738
Adjustment for		
Trade and other receivables(including loans and advances)	(29,00,28,748)	(44,50,49,501)
Inventories	24,44,26,401	14,49,92,615
Trade payable	25,84,10,305	30,77,51,489
Other Current Liabilities	1,39,28,13,141	7,15,80,396
Cash generated from operations	1,41,67,28,095	14,64,41,738
Income Tax Paid (Net)	(7,39,678)	(7,66,835)
Fringe Benefit Tax Paid	-	-
Net cash from Operating Activities	1,41,59,88,417	14,56,74,904
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	-
Sale of Fixed Assets	-	-
Investment in Mutual Fund & Fixed deposits	-	-
Interest Income	74,41,012	78,66,339
Dividend Income	-	-
Net cash from investing activities	74,41,012	78,66,339
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from Borrowings	(1,19,36,28,968)	1,07,72,603
Interest & Bank Commission paid on Borrowings	(22,96,04,771)	(17,44,81,022)
Dividend Paid (Including Dividend Distribution Tax)	-	-
Net cash from financing activities	(1,42,32,33,739)	(16,37,08,419)
Net increase in Cash and Cash equivalent (A+B+C)	1,95,690	(1,01,67,177)
Cash and Cash equivalent in the Opening balance	40,69,160	1,42,36,336
Cash and Cash equivalent in the Closing balance	42,64,850	40,69,160
Note :		
Cash and cash equivalent include cash on hand, bank balance and cheques in hand.		
Closing Cash and Cash Equivalents as per books		
Total of Cash & Cash Equivalents (Refer Note No. 16)	1,25,55,326	2,42,46,171
Fixed Deposit	82,90,476	2,01,77,011
Cash and Cash equivalent in the Closing balance	42,64,850	40,69,160
Cash in hand	10,71,767	7,48,500
Current Accounts	31,93,083	33,20,660
Total	42,64,850	40,69,160

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

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

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

SANDEEP MUNDRA
Partner
M.No.: 075482
Place - Mumbai
Date - May 26, 2016

SHEKHAR KULKARNI
Partner
M.No.: 46285

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

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****1a. Significant Accounting Policies for the period ending on March 31, 2016****A. Basis for Preparation of Consolidated Financial Accounts.**

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

B. Principle of Consolidation.

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

Name of Entities	Country of Incorporation	Ownership Interest/ Voting Power	Financial Year Period
M.B. Diamonds LLC	Russia	95%	April 15 to Mar 16
Goenka Diamond & Jewels DMCC	Dubai	100%	April 15 to Mar 16
Solitaire Diamond Exports	India	99%	April 15 to Mar 16

- (b) The Consolidated financial statement has been prepared on the following basis.
- (i) The consolidated financial statements has been prepared in accordance with the Accounting Standard 21, -"Consolidated Financial Statements" as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
- (ii) The financial statements of GDJL Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.
- (iii) The consolidated financial statements has been prepared by using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company's independent financial statements unless stated otherwise.
- (iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) "The Effects of Changes in Foreign Exchange Rates" as notified by the Companies (Accounting Standard) Rules, 2006 (as amended).
- (v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary at the date it became subsidiary is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.
- (vi) Minority Interest in the consolidated financial statements is identified and recognized after taking into consideration;
- The Minority' share of movement in equity since the date parent-subsidiary relationship came into existence.
 - The Profits/loss attribute to the minority is adjusted against the income of the group in order to arrive at the net income attribute to the company.
- (vii) All Employees' related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.
- (viii) The financial statements of M. B. Diamonds, LLC and Goenka Diamond & Jewels DMCC for the period April 2015 to March 2016 have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, and the same is being considered for the purpose of consolidation.

C. Use of Estimates

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

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

D. Fixed Assets

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

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

E. Depreciation and Amortization

For Parent Company

Depreciation on Fixed Assets, other than assets acquired on lease, is being provided over the useful life of an asset on written down value method and

in the manner specified in Schedule II of the Act.

For Subsidiaries

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

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

F. Impairment of Fixed Assets

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

G. Inventories

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

H. Investments

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

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

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

I. Revenue Recognition

Sale of Goods:

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

J. Other Income

a) Dividend on Investment:

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

b) Interest Income:

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

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016****K. Foreign Currency Transactions:****a. Initial Recognition:**

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

b. Conversion:

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

c. Exchange Differences:

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

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

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

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

L. Employee Benefits:

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

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

M. Borrowing Cost:

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

N. Leases

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

O. Earnings Per Share

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

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

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

P. Cash and Cash Equivalents

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

Q. Segment Reporting

Identification of segments:

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

Inter segment Transfers:

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

Allocation of common costs:

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

Unallocated items:

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

Segment Policies:

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

R. Provision for Current and Deferred Taxation:

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

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

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

S. Provision, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognized, nor disclosed.

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



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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note No.

- 1b** The Consolidated Financial Statements Present the Consolidated Accounts of Goenka Diamond & Jewels Ltd with its following Subsidiaries, Joint Ventures
(And its Subsidiaries and Joint Ventures) Associates (and its Subsidiaries and Joint Ventures)

a	Country of Incorporation	Subsidiary of	As on March 31, 2016	As on March 31, 2015
Subsidiaries				
Indian Subsidiaries				
Solitaire Diamond Exports	India	Goenka Diamond & Jewels Ltd	99%	99%
(Partnership Firm)				
Foreign				
M. B. Diamonds LLC	Russia	Goenka Diamond & Jewels Ltd	95%	95%
Goenka Diamond & Jewels DMCC	Dubai	Goenka Diamond & Jewels Ltd	100%	100%

b Joint Ventures and Jointly Controlled entities

The company do not have any Joint Ventures/ Jointly Controlled entities.

c Associates and Their Subsidiary and Joint Venture :

The company do not have any Associates company.

d Disclosures mandated by Schedule III of Companies Act 2013, by way of additional information

Name of Entities	Net Assets i.e. Total asset net of total liabilities		Share of Profit / (Loss)	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit	Amount
Parent				
Goenka Diamond & Jewels Limited	99.44%	2,71,61,26,955	58.83%	(32,22,02,370)
Subsidiaries				
Foreign				
M. B. Diamonds LLC	-0.30%	(83,04,557)	1.10%	(60,22,610)
Goenka Diamond & Jewels DMCC	3.25%	8,88,72,482	40.40%	(22,12,91,450)
Indian				
Solitaire Diamond Exports	-1.15%	(3,13,88,373)	0.27%	(14,87,747)
(Partnership Firm)				
Sub Total	101.24%	2,76,53,06,508	100.60%	(55,10,04,176)
Less :-				
Inter Company Elimination & Consolidation Adjustments	1.24%	3,38,34,674	-0.60%	32,75,047
Grand Total	100.00%	2,73,14,71,834	100.00%	(54,77,29,129)
Minority Interest in Subsidiaries		8,46,195		(4,29,309)
Share in Profit of Associates				

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

2 Share Capital

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Amount	Number	Amount
Authorised Share Capital				
Equity Shares of ₹ 1/- each fully paid up	33,00,00,000	33,00,00,000	33,00,00,000	33,00,00,000
Issued, Subscribed and Paid up				
Equity Shares of ₹ 1/- each fully paid up	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
		31,70,00,000		31,70,00,000

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

Particulars	As at March 31, 2016 Equity Shares		As at March 31, 2015 Equity Shares	
	Number	Amount ₹	Number	Amount ₹
Shares outstanding at the beginning of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	31,70,00,000	31,70,00,000	31,70,00,000	31,70,00,000

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

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

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

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
NANDLAL GOENKA	2,60,88,750	8.23%	2,60,88,750	8.23%
NAVNEET GOENKA	11,16,15,000	35.21%	11,16,15,000	35.21%
NAND LAL GOENKA (HUF)	3,42,00,000	10.79%	3,42,00,000	10.79%
NIRMALA GOENKA (Refer Note No. 2 (d))	5,13,26,250	16.19%	5,13,26,250	16.19%

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



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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
3 Reserves & Surplus				
A. Securities Premium Account :				
Opening Balance	1,08,85,07,042		1,08,85,07,042	
Add: Security premium credited on share issue	-		-	
	<u>1,08,85,07,042</u>		<u>1,08,85,07,042</u>	
Less: Premium utilised against share issue expenses	-		-	
		1,08,85,07,042		1,08,85,07,042
B. General Reserve:				
Opening Balance	99,08,000		99,08,000	
Add: Transferred from Profit and Loss Account	-		-	
	<u>99,08,000</u>		<u>99,08,000</u>	
Less: Transfer	-		-	
		99,08,000		99,08,000
C. Surplus/ (Deficit)				
Opening balance	1,89,07,18,034		1,88,35,75,661	
Add:				
Net Profit For the current year	(54,81,58,438)		71,42,373	
	<u>1,34,25,59,596</u>		<u>1,89,07,18,034</u>	
Less: Appropriation				
Proposed Dividend	-		-	
Tax on Proposed Dividend	-		-	
	<u>-</u>		<u>-</u>	
Surplus/ (Deficit)		1,34,25,59,596		1,89,07,18,034
D. Foreign Currency Translation Reserve				
Opening balance	3,45,81,297		3,02,00,105	
Add: Addition during the year	65,85,247		43,81,192	
	<u>4,11,66,544</u>		<u>3,45,81,297</u>	
Less: Transfer	-		-	
		4,11,66,544		3,45,81,297
		<u>2,48,21,41,184</u>		<u>3,02,37,14,375</u>
		As at		As at
		March 31, 2016		March 31, 2015
		₹		₹
4 Long Term Borrowings				
Corporate Loan from Bank	2,57,37,701		2,37,75,000	
	<u>2,57,37,701</u>		<u>2,37,75,000</u>	

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

A Nature of Security

Credit Facilities are secured by:

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

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

Tenor - 44 months including a moratorium of 12 months

C Interest - BPLR+2.75%

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

5 Long Term Provisions

Provision For Employee Benefits:

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
Provision for Gratuity	42,86,707		42,86,707	
Provision for Compensated Absences	2,81,854	45,68,561	2,81,854	45,68,561
		45,68,561		45,68,561

6 Short Term Borrowings

Secured:

Loan Repayable on demand from Banks

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
Pre-shipment Credit (Refer Note B & C below)	20,54,78,984		47,50,92,599	
Post-shipment Credit (Refer Note B & C below)	19,52,03,742		1,08,98,46,391	
		40,06,82,726		1,56,49,38,989

Unsecured:

From Others		2,60,07,589		2,59,98,179
		42,66,90,315		1,59,09,37,169

A Nature of Security

Working Capital Facilities are secured by:

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



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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

B The details of continuing defaults (#) as at Balance Sheet date is as under :-

Name of Bank	Facility	Date of Default	Amount
AXIS Bank	Working Capital Limits	Dec 2015	27,72,40,074

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

Name of Bank	Facility	Date of Default #	Amount ##
Central Bank of India (Since recalled)	Working Capital Limits	Jan 2014	10,32,78,246
Corporation Bank (Since recalled)	Working Capital Limits	June 2015	20,29,89,395
Punjab National Bank (Since recalled)	Working Capital Limits	March 2016	39,80,63,808
Punjab & Sind Bank (Since recalled)	Working Capital Limits	June 2014	31,41,25,108
State Bank of India (Since recalled)	Working Capital Limits	March 2016	8,84,84,635
UCO Bank (Since recalled)	Working Capital Limits	Sept 2015	10,91,99,927
Punjab National Bank (Since recalled)	Corporate Loan	March 2016	4,58,00,000
Corporation Bank (Since recalled)	Corporate Loan	March 2016	2,49,32,494

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

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

The above defaults does not includes defaults of payment of interest as banks have either charged interest and added to above loan amounts at the time of crystallisation or have charged interest at year end only. Where no interest is charged, the management as a matter of prudence has accounted for probable interest liability. Also refer Note 33(c), where interest has been charged by bank but has not been accounted for by the company and 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 under " Other Current Liabilities".

	As at March 31, 2016	As at March 31, 2015
	₹	₹
7 Trade Payables		
Trade Payable		
a) Total outstanding dues of Micro & Small Enterprises	-	-
b) Total outstanding dues of creditors other than Micro & Small Enterprises	3,57,71,67,201	3,14,04,50,479
	<u>3,57,71,67,201</u>	<u>3,14,04,50,479</u>

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.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at	As at
	March 31, 2016	March 31, 2015
	₹	₹
8 Other Current Liabilities		
Current Maturity of Long Term Borrowing	1,47,00,000	12,25,000
Loans Facilities Recalled by Banks (Refer Note A below)		
1) Post- Shipment Loans	87,82,32,895	-
2) Pre- Shipment Loans	33,79,08,223	-
3) Corporate Loan	7,07,32,494	-
Interest accrued but not due on borrowing	5,30,79,101	1,02,86,943
Unclaimed Dividend (Refer Note B below)	76,320	84,420
Employee benefit payables	18,46,864	14,95,243
Statutory Dues(including PF,TDS etc.)	96,57,810	96,39,129
Creditor for Capital goods	-	-
Due to director's in current account	1,37,96,399	1,02,81,575
Other Payables (Refer related Party note no. 28(B) & Note C Below)	12,07,70,513	7,64,96,220
	<u>1,50,08,00,618</u>	<u>10,95,08,529</u>

- A. Refer Note No. 6(C) for period and amounts of continuing defaults as on Balance Sheet.date. Pre-shipment loan & Corporate Loan includes ₹ 171,67,075/- & ₹ 249,32,494/- respectively for which neither bank statement nor balance confirmation certificate has been issued by the bank. However, all known transactions have been recorded in the books of accounts.
- B. Investor Education and Protection Fund to be credited by the amount as and when required.
- C. Includes ₹ 11,64,46,166/- (Previous year ₹ "7,33,57,031/-") being overdrawn balance in banks current accounts.

	As at		As at	
	March 31, 2016		March 31, 2015	
	₹	₹	₹	₹
9 Short Term Provisions				
Provision for employee benefits:				
Provision for Gratuity	44,02,599		44,02,599	
Provision for Compensated Absences	<u>54,916</u>	44,57,515	<u>54,916</u>	44,57,515
Provision for Taxation (Net of Advance Tax)		2,92,72,831		2,77,51,779
		<u>3,37,30,346</u>		<u>3,22,09,294</u>

NOTES 10 - FIXED ASSETS



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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As on 01.04.2015	Addition during the period	Deductions during the year	Total as on 31.03.2016	Upto 01.04.2015	Provided during the period	Total upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
a.	Tangible Assets									
1	Leasehold Factory land	42,41,000	-	-	42,41,000	20,38,094	2,82,733	23,20,827	19,20,173	22,02,907
2	Leasehold land	6,68,41,420	-	-	6,68,41,420	66,84,143	22,28,048	89,12,191	5,79,29,229	6,01,57,277
3	Buildings	6,80,14,381	-	-	6,80,14,381	3,38,65,163	23,49,169	3,62,14,332	3,18,00,049	3,41,49,219
4	Plant & Machinery	1,53,30,092	-	-	1,53,30,092	97,09,223	7,22,509	1,04,31,732	48,98,360	56,20,868
5	Electric Installation	22,98,099	-	-	22,98,099	16,37,243	2,36,194	18,73,437	4,24,662	6,60,857
6	Furniture & Fixtures	16,95,868	-	-	16,95,868	12,58,838	1,41,616	14,00,454	2,95,414	4,37,031
7	Office Equipment	62,04,734	-	-	62,04,734	54,75,897	2,97,565	57,73,462	4,31,272	7,28,837
8	Vehicle	1,12,80,229	-	-	1,12,80,229	1,07,40,012	-	1,07,40,012	5,40,217	5,40,217
9	Computers	73,37,800	-	-	73,37,800	69,72,062	-	69,72,062	3,65,737	3,65,738
10	Improvement on Leasehold Assets	1,46,13,893	-	-	1,46,13,893	1,46,13,893	-	1,46,13,893	-	-
b.	Intangible Assets									
1	Computer Software	8,63,910	-	-	8,63,910	8,63,910	-	8,63,910	-	-
2	Goodwill on Consolidation	15,28,061	-	-	15,28,061	-	-	-	15,28,061	15,28,061
		-	-	-	-	-	-	-	-	-
c.	Capital Work in Progress									
		-	-	-	-	-	-	-	-	-
	Total	20,02,49,487	-	-	20,02,49,487	9,38,58,480	62,57,834	10,01,16,313	10,01,33,174	10,63,91,010
	Total for Previous year	20,02,49,487	-	-	20,02,49,487	8,22,90,819	1,15,67,660	9,38,58,478	10,63,91,010	11,79,58,670

Notes:

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

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
11 Deferred Tax Assets				
Deferred Tax Assets				
On account of Gratuity & Compensated Absences	29,28,510		28,47,130	
On account of Depreciation	33,65,639	62,94,149	93,75,268	1,22,22,398
		62,94,149		1,22,22,398

Net deferred tax charge/(credit) for the year of ₹ 59,28,249/- (Previous year ₹ (1,854,384)) has been recognized in the Statement of Profit and Loss for the year.

As a matter of prudence the management has not recognised deferred tax assets on carried forward losses.

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
12 Long Term Loans And Advances				
(Unsecured and considered good, unless otherwise stated)				
Security Deposits #	23,52,780		20,88,427	
MAT Credit Entitlement	3,61,73,535		3,61,73,535	
		3,85,26,315		3,82,61,962

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

CURRENT ASSETS

	As at March 31, 2016		As at March 31, 2015	
	₹	₹	₹	₹
13 Current Investments				
(At lower of Cost and Market Price)				
a Investment in Optional Convertible Debenture				
Gem Gold Mining Pvt. Ltd. (Refer Note 33 (d))	4,90,000	4,90,00,000	4,90,000	4,90,00,000
			-	
Total		4,90,00,000		4,90,00,000
b Notes:-				
1. Aggregate amount of Quoted Investment		-		-
2. Market value of Quoted Investment		-		-
3. Aggregate amount of Non Quoted Investment		4,90,00,000		4,90,00,000
4. Aggregate amount of provision for diminution in value of Investment		-		-

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

	As at <u>March 31, 2016</u> ₹	As at <u>March 31, 2015</u> ₹
14 INVENTORIES		
(Cost & Market Price whichever is lower)		
(As taken, valued and certified by the Management)		
Raw Materials	23,45,89,839	36,37,81,305
Stock in Process	-	-
Finished Goods	38,72,62,062	50,24,96,997
	<u>62,18,51,901</u>	<u>86,62,78,302</u>

	As at <u>March 31, 2016</u> ₹	As at <u>March 31, 2015</u> ₹
15 Trade Receivables		
(Unsecured and considered good unless otherwise stated)		
Outstanding for more than Six Months from the date they are due for payments (Refer footnotes) (Refer Note No..33 (B))	7,16,89,02,121	6,22,37,03,767
Others	34,46,26,697	89,09,24,101
	<u>7,51,35,28,818</u>	<u>7,11,46,27,868</u>

- 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 economic slowdown especially in diamond sector. Nonetheless, the Trade receivables amounting to ₹ 322,94,87,505/- have confirmed the balances by way of confirmations directly sent to auditors and/or Company. Looking at the past record regarding recovery from Trade receivables, the management is of the opinion that trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable and therefore no provision is required to be made against these Trade Receivables
- b. Contrary to Accounting Standard 11 (Effects of changes in Foreign Exchange Rates) and Accounting Policy No. 1 (K) (c), Trade Receivables denominated in foreign currency outstanding prior to April 1, 2014 amounting to ₹ 534,14,25,587/- 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 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.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	<u>As at</u> <u>March 31, 2016</u>	<u>As at</u> <u>March 31, 2015</u>
	₹	₹
16 Cash And Bank Balances		
Cash and cash equivalents		
Balance with Banks	31,93,083	33,20,660
Cash on hand	10,71,767	7,48,500
Total (A)	<u><u>42,64,850</u></u>	<u><u>40,69,160</u></u>
Other Bank Balance		
(a) Unpaid Dividend Account	76,320	84,420
(b) Bank Deposits		
Pledged*	82,04,156	2,00,82,591
Non Pledged	10,000	10,000
Total (B)	<u><u>82,90,476</u></u>	<u><u>2,01,77,011</u></u>
Total (A+B)	<u><u>1,25,55,326</u></u>	<u><u>2,42,46,171</u></u>

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

	<u>As at</u> <u>March 31, 2016</u>	<u>As at</u> <u>March 31, 2015</u>
	₹	₹
17 Short Term Loans And Advances		
(Unsecured and considered good unless otherwise stated)		
Advance To Staff	3,30,965	9,20,204
Advance To Suppliers	22,00,667	4,56,164
Prepaid Expenses	21,05,721	1,03,54,793
Balances with Tax Authorities	7,95,625	7,95,625
Others		
-Considered Good	3,60,354	3,97,737
-Considered Doubtful	-	-
	<u>3,60,354</u>	<u>3,97,737</u>
Less - Provided for	-	-
	<u>3,60,354</u>	<u>3,97,737</u>
	<u><u>57,93,332</u></u>	<u><u>1,29,24,524</u></u>



GOENKA DIAMOND AND JEWELS LIMITED

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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016		As at March 31, 2015	
	₹		₹	
18 Other Current Assets				
Interest Accrued on deposits / debentures		1,97,73,517		1,57,59,882
Others		12,25,588		28,53,174
		<u>2,09,99,105</u>		<u>1,86,13,056</u>
		As at March 31, 2016		As at March 31, 2015
		₹		₹
19 Revenue From Operations				
Sale of Products:				
Export Sales		77,54,81,942		90,28,99,670
Domestic Sales		14,04,84,006		12,23,93,704
		<u>91,59,65,948</u>		<u>1,02,52,93,374</u>
		As at March 31, 2016		As at March 31, 2015
		₹		₹
20 Other Income				
Interest		74,41,012		78,66,339
Liability No Longer required		16,070		11,27,905
Other Income		1,20,000		1,24,506
Exchange Fluctuation (Net)		-		10,33,13,887
		<u>75,77,082</u>		<u>11,24,32,636</u>
		As at March 31, 2016		As at March 31, 2015
		₹		₹
21 Cost of Material Consumed				
Materials Consumed				
Opening Raw Material / Material-in-process	35,67,91,836		47,67,05,449	
Add: Purchases	68,10,04,045		75,45,06,625	
	<u>1,03,77,95,881</u>		<u>1,23,12,12,074</u>	
Less: Closing Raw Material / Material-in-process	22,82,58,972	<u>80,95,36,909</u>	35,67,91,836	<u>87,44,20,238</u>
		<u>80,95,36,909</u>		<u>87,44,20,238</u>

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016	As at March 31, 2015
	₹	₹
22 Purchases Of Stock-In-Trade		
Purchases of Finished Goods	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	As at March 31, 2016	As at March 31, 2015
	₹	₹
23 Changes In Stock-In-Trade		
Decrease/(Increase) of Stock-in-Trade consists of		
Finished Goods:		
Opening Stocks		
Finished Goods	50,94,86,466	53,45,65,488
	<u>50,94,86,466</u>	<u>53,45,65,488</u>
Less: Closing Stocks		
Finished Goods	39,35,92,929	50,94,86,466
	<u>39,35,92,929</u>	<u>50,94,86,466</u>
	<u>11,58,93,537</u>	<u>2,50,79,022</u>
	As at March 31, 2016	As at March 31, 2015
	₹	₹
24 Employees Benefit Expense		
Salaries, Wages, Bonus etc.	1,34,01,404	1,54,07,055
Contributions to Provident and Other Funds	5,39,457	5,59,161
Staff Welfare Expenses	2,08,298	2,75,014
	<u>1,41,49,159</u>	<u>1,62,41,230</u>
	As at March 31, 2016	As at March 31, 2015
	₹	₹
25 Financial Cost		
Interest		
- On Working Capital Facilities	20,54,80,680	14,84,07,897
- Other Finance Charges	1,84,41,047	2,05,54,569
	<u>22,96,04,771</u>	<u>17,44,81,022</u>



GOENKA DIAMOND AND JEWELS LIMITED

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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	<u>As at</u> <u>March 31, 2016</u> ₹	<u>As at</u> <u>March 31, 2015</u> ₹
26 Other Expenses		
a. Manufacturing Expenses		
Electricity & Water expenses	27,690	1,04,940
Factory Rent	1,67,290	13,32,428
Misc Factory Expenses	15,55,787	11,34,538
Factory Repair & Maintenance	-	1,65,036
	<u>17,50,767</u>	<u>27,36,942</u>
	<u>As at</u> <u>March 31, 2016</u> ₹	<u>As at</u> <u>March 31, 2015</u> ₹
b. Administrative & Selling Expenses		
Rent, Rates and Taxes	22,01,736	23,02,200
Water & Electricity	11,39,450	12,44,214
Insurance	3,75,706	9,97,877
Travelling and Conveyance	17,88,083	49,70,568
Legal and Professional	28,05,883	53,41,867
Postage and Telephone	3,85,916	5,44,368
Printing and Stationery	1,94,784	2,02,376
Advertisement and Business Promotion	10,19,623	23,68,681
Brokerage and Commission	67,416	4,00,788
Director's Remuneration	14,93,793	15,60,000
Director's Sitting Fees	3,23,970	3,93,260
Misc. Expenses	22,50,588	31,93,352
Vehicle Running & Maintenance	-	-
Repair & Maintenance	75,709	3,47,488
Export and Selling Expenses	5,34,314	6,31,411
Diamond Certification Charges	14,828	63,385
Exhibition Expenses	-	-
Bad Debt	14,82,72,777	-
Auditors' Remuneration		
- Statuary Audit Fees	9,66,750	9,89,105
- Taxation Matters	-	23,595
- for Other services	-	-
- Reimbursement Of Expenses	54,079	14,438
Exchange Fluctuation (Net)	12,41,85,526	-
	<u>28,81,50,931</u>	<u>2,55,88,973</u>
Total Other Expenses	<u>28,99,01,698</u>	<u>2,83,25,915</u>

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**27 Movement in Minority Interest**

Particular	Minority Interest as at Opening	Addition during the year	Deduction during the year	Minority Interest as at end of the year
M.B. Diamond LLC	(4,59,186)	-	(4,59,186)	-
Solitaire Diamond Exports	8,61,072	-	(14,877)	8,46,195
Total	4,01,885	-	(4,74,063)	8,46,195

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

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

Key Management Personnel (KMP):

1. Sh Nandlal Goenka
2. Sh Navneet Goenka
3. Sh Nitin Goenka (till February 10, 2016)

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)
5. Smt. Dhriti Goenka (Wife of Sh Nitin Goenka)



GOENKA DIAMOND AND JEWELS LIMITED

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CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

B. Related Party Transactions

Nature of Transactions	Key Managerial Personnel		Relative of Key Managerial Personnel		Others	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(i) Transactions During the year						
a. Rent Paid						
1. Nandlal Goenka	9,90,000	9,90,000	-	-	-	-
2. Navneet Goenka	-	-	-	-	-	-
3. Bhawna Goenka	-	-	3,00,000	3,00,000	-	-
4. Nirmala Goenka	-	-	3,00,000	3,00,000	-	-
b. Remuneration #						
1. Nandlal Goenka	6,00,000	6,00,000	-	-	-	-
2. Navneet Goenka	4,80,000	4,80,000	-	-	-	-
3. Nitin Goenka	4,13,793	4,80,000	-	-	-	-
c. Perquisites						
1. Navneet Goenka	2,24,400	2,24,400	-	-	-	-
2. Others	1,59,600	79,200	-	-	-	-
d. Dividend Paid						
1. Nandlal Goenka	-	-	-	-	-	-
2. Navneet Goenka	-	-	-	-	-	-
3. Nitin Goenka	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
e. Interest Received	-	-	-	-	58,80,000	58,80,000
(ii) Balances as at 31.03.16						
a. Security Deposits						
i. Nandlal Goenka	50,000	50,000	-	-	-	-
ii. Nitin Goenka	50,000	50,000	-	-	-	-
iii. Bhawna Goenka	-	-	50,000	50,000	-	-
iv. Nirmala Goenka	-	-	50,000	50,000	-	-
b. Credit Balance of following parties						
i. Nandlal Goenka	76,48,466	49,36,182	-	-	-	-
ii. Navneet Goenka	5,77,070	1,42,630	-	-	-	-
iii. Nitin Goenka	55,70,763	52,02,763	-	-	-	-
iv. Bhawna Goenka	-	-	5,85,800	3,15,800	-	-
v. Nirmala Goenka	-	-	7,65,000	4,95,000	-	-
c. Investment						
Gem Gold Mining Pvt. Ltd	-	-	-	-	4,90,00,000	4,90,00,000

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

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

29 Earnings Per Share (EPS)

	Year ended	Year ended
	March 31, 2016	March 31, 2015
	₹	₹
a. Profit after Tax (₹)	(54,81,58,438)	71,42,373
- Before Exceptional Item	-	-
- After Exceptional Item	-	-
b. Dividend on Preference Shares (₹)	-	-
c. Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)	(54,81,58,438)	71,42,373
d. Weighted average number of Equity shares Outstanding during the year for basic EPS (After adjustment for sub-division of shares during current financial year)	31,70,00,000	31,70,00,000
e. Weighted average number of Equity Shares outstanding during the year for Diluted EPS (After adjustment for sub-division of shares during current financial year)	31,70,00,000	31,70,00,000
f. Basic & Diluted Earnings Per Share		
- Before Exceptional Item	(1.73)	0.02
- After Exceptional Item	(1.73)	0.02
g. Diluted Earnings Per Share		
- Before Exceptional Item	(1.73)	0.02
- After Exceptional Item	(1.73)	0.02

30 Segment Reporting

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

A) Primary Segment : Business Segment

Particulars	As at March 31, 2016				As at March 31, 2015			
	Diamond & Gems	Jewellery	Unallocable	Consolidated Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)								
Revenue								
Segment Revenue	85,08,46,994	6,51,18,954	-	91,59,65,948	83,70,91,878	18,82,01,496	-	1,02,52,93,374
Results								
Segment Results	(11,39,73,804)	(19,59,23,408)	-	(30,98,97,212)	13,76,40,668	4,69,95,425	-	18,46,36,093
Operating Profit								
Other Income				1,66,55,380				1,63,36,517
Unallocable Expenses				(1,89,70,016)				(1,89,63,813)
Interest Expenses				(22,95,89,032)				(17,43,97,874)
Net Profit before tax.				(54,18,00,880)				76,10,923
Segment Assets	7,18,23,49,083	89,75,54,288	28,87,78,749	8,36,86,82,123	6,92,10,65,168	1,07,11,14,780	25,03,85,343	8,24,25,65,292
Segment Liabilities	3,53,22,91,162	4,06,92,241	1,99,65,57,533	5,56,95,40,937	3,05,06,77,514	12,87,45,713	1,72,24,27,691	4,90,18,50,918
Net Capital Employed	3,65,00,57,921	85,68,62,047	(1,70,77,78,784)	2,79,91,41,186	3,87,03,87,654	94,23,69,066	(1,47,20,42,348)	3,34,07,14,374

B) Secondary Segment : Geographical Segment

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	14,04,84,006	77,54,81,942	91,59,65,948	12,23,93,704	90,28,99,670	1,02,52,93,374
Segments Assets	1,47,76,66,863	6,89,10,15,260	8,36,86,82,123	95,31,51,066	7,28,94,14,227	8,24,25,65,292

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

	<u>Year ended</u> <u>March 31, 2016</u>	<u>Year ended</u> <u>March 31, 2015</u>
	₹	₹
31 Contingent Liabilities & Commitments		
Commitment:	NIL	NIL
Pending Capital Commitment		
Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts		
Refer Note 33 (c) regarding interest on recalled loans or loans classified by the banks as NPA where interest is either not applied or penal interest/higher rate of interest is applied. The Company in its best judgement has provided all probable interest liability. Any excess interest charged or remaining to be charged by the banks has not been acknowledge as debts by the company and shall be accounted for as and when the same is settled. In absence of complete details, the amount is unascertained.		
i) Income Tax Matters (Against which company has preferred appeals)		
(Pertaining to AY 2004-05, 2009-10, 2010-11, 2011-12, 2012-13 & 2013-14 (P.Y. AY 2004-05, AY 2008-09 to AY 2011-12)	81,02,51,144	4,89,64,632
ii) Service Tax Matter (Appeal filed by company)	6,22,540	6,22,540
iii) Punjab Value Added Tax demand against which company has preferred appeal	31,82,500	31,82,500
iv) The Company does not envisage any liability in respect of income tax on account of exchange gain on restatement of trade receivables, as it is likely to be offset with additional interest provision, if company were to pay interest at applicable rate including penal interest. Further, any income tax liability on account of non-adjustment or non-disallowance of income and/ or expenses that may arise on income tax proceeding shall be accounted for on final assessment.		
32 The Income tax Authorities during the search u/s 132 of I.T Act 1961 on 13th August 1993 seized 5580 cts. of emerald cut valued at ₹ 819000/-. The same has been shown in the closing stock of emerald cut in the books of Accounts		
33 (a) In the financial year 2013-2014, disputes amongst promoters arose under which allegations and counter allegation were made and legal actions were initiated amongst promoters. However, thereafter the promoters arrived at the settlement with the help of court mediation vide settlement agreement executed on March 18, 2014 which is at the final stage of implementation. The management reiterates that no adjustment is required in the financial statements for the terms and conditions of settlement agreement executed and on account of the above disputes. allegations and legal actions.		
(b) Due to certain unfavourable developments and sluggish market in earlier periods, there is substantial decrease in sales and volume of the business. Recoveries from trade receivables are slow and there is a temporary mismatch in the cash flow resulting in overdue creditors, default in repayment of statutory dues and dues to banks owing to which some 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 is in process of initiating legal actions against such debtors, wherever considered necessary. Further, the management is taking all possible steps to revive the business operations and intend to approach consortium bankers for restructuring of the its entire loan dues and assumes that Company will have adequate cash flow from export realisation to defray its entire debt obligation in phased manner. At the same time, management is hopeful that it will be able to raise adequate finance from internal accruals and alternate means to meet its short term and long term obligations. Hence the accounts of the Company are prepared on going concern basis..		

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- (c) Consequent to defaults in re-payment of loan and payment of interest, majority of consortium banks classifying the account as NPA and have recalled their loans. These banks are either not charging interest or have charged excess interest in earlier years. In order to account all probable interest liability, the management in its best judgment has provided interest on such loan. Any difference on account of interest and penal interest shall be accounted for as when the interest is charged, adjusted or settled by the banks.
- (d) The company had invested in 12% Optionally Convertible unsecured debentures of ₹ 4.90 Crores on which no interest has been received since beginning. The management is of the view that no provision is required against the said investment and interest accrued thereon, as there is substantial value in the investee company and it shall be able to pay the interest and principal amount due.

34 Previous year's figures have been regrouped or rearranged wherever necessary.

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

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

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

SANDEEP MUNDRA
Partner
M.No.: 075482
Place - Mumbai
Date - May 26, 2016

SHEKHAR KULKARNI
Partner
M.No.: 46285

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



GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

FINANCIAL INFORMATION OF SUBSIDIARY COMPANY

Name of Subsidiary Company	M.B. Diamonds LLC, Russia		Goenka Diamond & Jewels DMCC, Dubai	
	INR	ROUBLES	INR	USD
Reporting Currency				
Capital	16,989.00	10,000.00	744,414.00	13,624.00
Reserves	(8,321,544.81)	(8,499,335.07)	88,128,068.18	1,322,920.00
Total Assets	17,704,545.15	18,098,475.99	246,915,382.05	3,719,116.00
Total Liabilities	17,704,545.15	18,098,475.99	246,915,382.05	3,719,116
Investments	NIL	NIL	NIL	NIL
Turnover / Total Income	NIL	NIL	NIL	NIL
Profit Before Taxation	(6,022,608.22)	(5,187,475.07)	(221,291,449.65)	(3,650,527.00)
Provision for Taxation	NIL	NIL	NIL	NIL
Profit After Taxation	(6,022,608.22)	(5,187,475.07)	(221,291,449.65)	(3,650,527.00)
Proposed Dividend	NIL	NIL	NIL	NIL
Country	RUSSIA		DUBAI	
Notes:				
As on March 31, 2016:	1 Rouble = INR 0.978234		1 USD = INR 66.3329	

On behalf of the Board of Directors

For Goenka Diamond and Jewels Limited

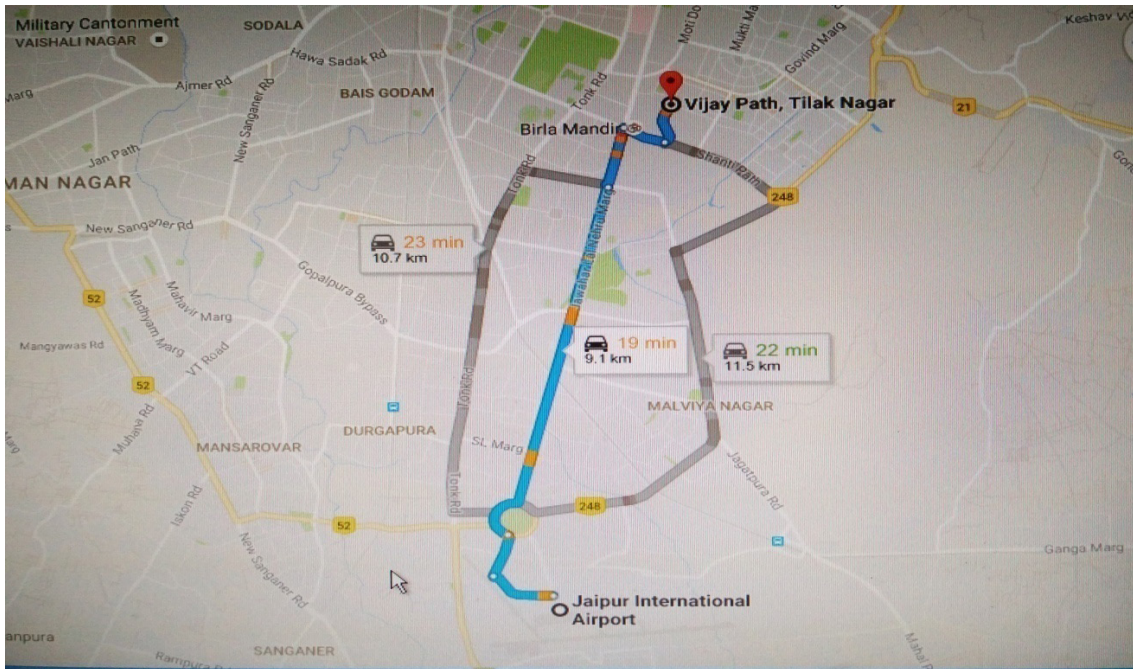
NANDLAL GOENKA
Chairman

NAVNEET GOENKA
MD & Chief Financial Officer

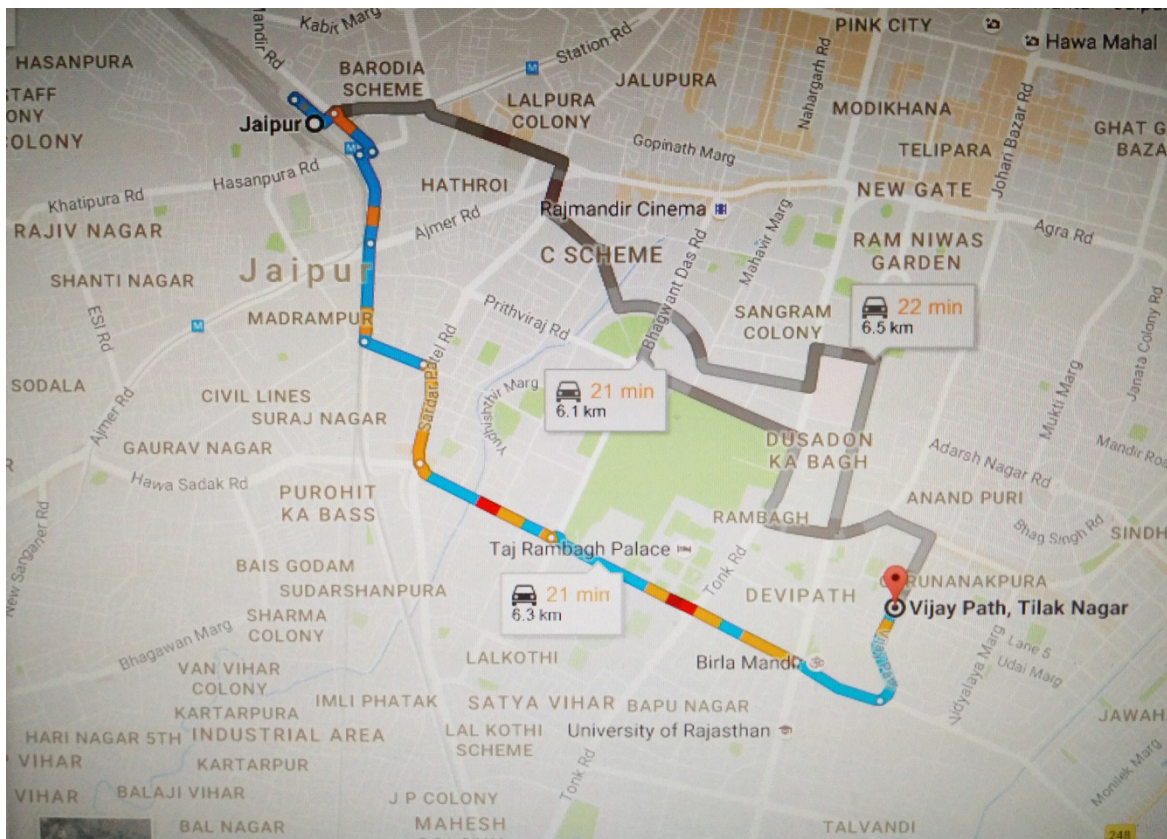
Place: Mumbai
Date: May 26, 2016

ROUTE MAP TO THE VENUE OF 26TH 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 26th Annual General Meeting of the Company, to be held on the September 29, 2016 At 11 a.m. at Bungalow No. C -114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions
1	To consider and adopt the Audited Financial Statements of the Company on a standalone and consolidated basis, for the financial year ended March 31, 2016 including the Balance Sheet as at March 31, 2016, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2	To re-appoint M/s. B. Khosla & Co. (Regn. No. 000205C) and M/s RSVA & Co., (Regn. No. 110504W) Chartered Accountants, as the Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors ("the Board") to fix their remuneration.

Signed this _____ day of _____, 2016

Signature of Member _____

Proxy holder(s) Signature _____

Affix
₹ 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

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Goenka Diamond & Jewels Limited

Registered office : 401, Panchratna, M.S.B. Ka Rasta, Johari Bazaar, Jaipur - 302003 India. Tel :- 0141 - 2574175 Fax : 0141 - 2573305.

www.goenkadiamonds.com