



**GOENKA**  
DIAMOND & JEWELS LIMITED



MANUFACTURER OF  
**LARGE DIAMONDS**  
& FINE JEWELLERY

**ANNUAL REPORT**  
2013 - 2014



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

| Index  | Page |
|--|------|
| Notice of Annual General Meeting along with Annexure         | 5    |
| Director's report  | 11   |
| Management Discussion Analysis                               | 15   |
| Report on Corporate Governance                               | 17   |
| Compliance Certificate of Corporate Governance               | 24   |
| Statement of Disclosure by Audit Committee                   | 25   |
| CEO & CFO Certification                                      | 26   |
| Auditors' Report   | 27   |
| Balance Sheet  | 32   |
| Statement of Profit & Loss                                   | 33   |
| Cash Flow Statement  | 34   |
| Notes on Financial Statements                                | 35   |
| Consolidated Auditors' Report                                | 57   |
| Consolidated Balance Sheet                                   | 58   |
| Consolidated Statement of Profit & Loss                      | 59   |
| Consolidated Cash Flow Statement                             | 60   |
| Consolidated Notes on Financial Statements                   | 61   |
| Statement pursuant to Section 212 of the Companies Act, 1956 | 75   |



## 24<sup>th</sup> Annual Report 2013 -2014

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### Board of Directors

**Mr. Nandlal Goenka**  
*Chairman*

**Mr. Navneet Goenka**  
*Vice Chairman and Managing Director*

**Mr. Nitin Goenka**  
*Managing Director*

**Mr. Anant Upadhyay**  
*Independent Director*

**Ms. Neetam Singh**  
*Independent Director*

**Mr. Kevin Shah**  
*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 43667000;  
**Facsimile:** + 91 2243669000;  
**Email:** cs@goenkadiamonds.com  
**Website:** [www.goenkadiamonds.com](http://www.goenkadiamonds.com)

### Joint Auditors

**M/s. B. Khosla & Co.**  
Chartered Accountants

**M/s. RSVA & Co.,**  
Chartered Accountants

### Registrar and Transfer agents

Karvy Computershare Pvt. Ltd.  
46, Avenue-4, Street-1,  
Banjara Hills,  
Hyderabad- 500 034  
Tel.: 040 23312454  
Fax: 040 23311968  
Website: [www.karvy.com](http://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

**24<sup>th</sup> Annual General Meeting**  
**Tuesday, December 30, 2014 at 11.00 a.m. at**  
**Bungalow No. C -114, Shivaji Marg, Vijaypath,**  
**Tilak Nagar, Jaipur – 302 004.**

## Brief Profile of our Directors



**Mr. Nand Lal Goenka**, 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 holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has over 40 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honoured with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34<sup>th</sup> All India National Unity Conference in Jaipur. He was also the first 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. Nand Lal Goenka was the Vice-President of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.



**Mr. Navneet Goenka**, is the Vice-Chairman and Managing Director of our Company. He was appointed as an Additional Director of our Company on December 09, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002 he was appointed as a Whole-Time Director of our Company and on April 15, 2008, he was appointed as the Vice-Chairman and Managing Director of our Company till March 31, 2013. At the Annual General Meeting held on September 27, 2013, he was re-appointed as the Vice-Chairman and Managing Director of our Company w.e.f. April 01, 2013 for a period of five years. He 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 over 19 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. He is the Chief Financial Officer of our Company and 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. Nitin Goenka**, is the Managing Director of our Company. He was appointed as an Additional Director of our Company on April 01, 2002 and appointed as Director of our Company in the AGM dated September 30, 2002. On October 28, 2002 he was appointed as a Whole time Director and on April 15, 2008, he was appointed as the 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 Managing Director of our Company w.e.f. April 01, 2013 for a period of five years. He holds Bachelor's in Business Administration from Pace University, New York with majors in Management Information System and Retail Marketing. He also holds a diploma in diamond grading and jewellery designing from Gemological Institute of America, New York. Mr. Nitin Goenka has over 11 years of experience in the jewellery export, retail and designing business. He had joined our Company very early and has been contributing to its growth since then. Mr. Nitin Goenka is in charge of promotions, branding, jewellery production and designing departments of our Company.



**Mr. Anant Upadhyay**, is a Non-Executive Independent Director of our Company. He is appointed as on August 21, 2014. 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** is a Non-Executive Independent Director of our Company. She is appointed as on September 19, 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.



**Mr. Kevin Shah**, is a Non-Executive Independent Director of our Company. He is appointed as the Non-Executive Independent Director of our Company on November 25, 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 five year of experience working with the renowned people in the field of Indirect taxes.

**NOTICE**

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the Members of **GOENKA DIAMOND AND JEWELS LIMITED ("the Company")** will be held on Tuesday, December 30, 2014 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 Balance Sheet as at 31<sup>st</sup> March 2014, Statement of Profit and 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 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.

**SPECIAL BUSINESS:**

3. To appoint Mr. Anant Upadhyay (**DIN: 02467122**) as an Non-Executive Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provision of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being force) and Clause 49 of the Listing Agreement, Mr. Anant Upadhyay (**DIN: 02467122**), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013, vide Board Meeting dated August 21, 2014 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds and to execute all such documents as may be required for the purpose and to submit a Certified True copy of this resolution as and when required."

4. To appoint Ms. Neetam Singh (**DIN: 07006403**) as an Non-Executive Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provision of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being force) and Clause 49 of the Listing Agreement, Ms. Neetam Singh (**DIN: 07006403**), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013, vide Board Meeting dated September 19, 2014 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds and to execute all such documents as may be required for the purpose and to submit a Certified True copy of this resolution as and when required."

5. To appoint Mr. Kevin Shah (**DIN: 07027089**) as an Non-Executive Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provision of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being force) and Clause 49 of the Listing Agreement, Mr. Kevin Shah (**DIN: 07027089**), who was appointed as an Additional Director pursuant to the provisions of Section

## 24<sup>th</sup> Annual Report 2013 -2014

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161(1) of the Companies Act, 2013, vide Board Meeting dated November 25, 2014 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts and deeds and to execute all such documents as may be required for the purpose and to submit a Certified True copy of this resolution as and when required.”

**By Order of the Board of Directors**

Place: Mumbai

Date: November 29, 2014

Registered office:

401, Panchratana,

M. S. B. Ka Rasta,

Johari Bazar,

Jaipur-302003

CIN: L36911RJ1990PLC005651

E-mail: 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 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. A Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Shareholders are requested to bring their copy of Annual Report to the Meeting.
5. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a duly certified copy of Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. In case of joint holders attending the Annual General Meeting, member present or in case both members are present the person whose name is appearing as first holder will be entitled to vote.
7. Pursuant to clause 16 of listing agreement, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, December 23, 2014 to Tuesday, December 30, 2014 (both days inclusive).
8. While members holding shares in physical form may write to the Registrar and Transfer Agents, (M/s Karvy Computershare Private Limited) for any changes in their addresses and bank mandates, members holding shares in electronic form may inform the same to their Depository Participants.
9. Members who hold their shares in dematerialized form are requested to write their client ID and DP ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.





# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
11. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
12. Electronic Copy of this Annual Report along with the attendance slip carrying e-voting procedure & instructions is sent to the members whose e-mail ids are registered with the RTA of the Company. In case of members who have not registered 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.
13. As the voting of members is through electronic means, members who do not have access to e-voting, may opt to fill the assent / dissent form (given at the end of this annual report) and send it to Scrutinizer Mr. Vishal Manseta, Practicing Company Secretary, 401, Panchratna, M.S.B. Ka Rasta, Johari Bazar, Jaipur – 302 003, so as to reach not later than 6.00 p.m. on December 26, 2014 Assent / dissent form received after this date will be treated as invalid. A member can opt only one mode of voting, i.e. either through e-voting or by assent/dissent form. If members cast vote by both modes then voting done through e-voting shall prevail.
14. 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. For any communication, the shareholders may also send requests to the Company's designated email: [cs@goenkadiamonds.com](mailto:cs@goenkadiamonds.com)
15. 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 at the 24<sup>th</sup> 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 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.

**Registered office:**

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

Place: Mumbai

Date: November 29, 2014

CIN:L36911RJ1990PLC005651

e-mail: [cs@goenkadiamonds.com](mailto:cs@goenkadiamonds.com)

**By Order of the Board of Directors**

**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. A separate communication to this effect has already been issued earlier.



### ANNEXURE TO NOTICE

#### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

##### Item No.3:

The Board, appointed Mr. Anant Upadhyay (**DIN: 02467122**) as an Additional Director of the Company with effect from August 21, 2014, pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Anant Upadhyay (**DIN: 02467122**) will hold office up to the date of ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with deposit of requisite amount proposing the candidature of Mr. Anant Upadhyay for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Anant Upadhyay:

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, and
- (iii) A declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Anant Upadhyay as an Independent Director of the Company up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Anant Upadhyay, whose candidature is being proposed as the Independent Director of the Company, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management.

No director, key managerial personnel or their relatives, except Mr. Anant Upadhyay, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 3 for the approval of members.

##### Item No. 4:

The Board, appointed Ms. Neetam Singh (**DIN: 07006403**) as an Additional Director of the Company with effect from September 19, 2014, pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013. Ms. Neetam Singh (**DIN: 07006403**) will hold office up to the date of ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with deposit of requisite amount proposing the candidature of Ms. Neetam Singh for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ms. Neetam Singh:

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, and
- (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Ms. Neetam Singh as an Independent Director of the Company up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. She is not liable to retire by rotation.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

In the opinion of the Board of Directors, Ms. Neetam Singh, whose candidature is being proposed as the Independent Director of the Company, fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under and she is independent of the Management.

No director, key managerial personnel or their relatives, except Ms. Neetam Singh, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 4 for the approval of members.

## **Item No. 5:**

The Board, appointed Mr. Kevin Shah (**DIN: 07027089**) as an Additional Director of the Company with effect from November 25, 2014, pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Kevin Shah (**DIN: 07027089**) will hold office up to the date of ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with deposit of requisite amount proposing the candidature of Mr. Kevin Shah for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Kevin Shah:

- (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014,
- (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act 2013, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Kevin Shah as an Independent Director of the Company up to the conclusion of Annual General Meeting for the Financial Year ended March 31, 2018 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Kevin Shah, whose candidature is being proposed as the Independent Director of the Company, fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under and he is independent of the Management.

No director, key managerial personnel or their relatives, except Mr. Kevin Shah, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of members.

## 24<sup>th</sup> Annual Report 2013 -2014

In compliance of code of Corporate Governance and Clause 49 of the Listing Agreement with the Stock Exchanges, the brief resume of the Directors seeking appointment as Independent Director(s) at the 24<sup>th</sup> ANNUAL GENERAL MEETING is provided hereunder:

|   |   |   |  |
|---|---|---|--|
| <b>Name</b>   | Mr. Anant Upadhyay  | Ms. Neetam Singh  | Mr. Kevin Shah   |
| <b>Date of Birth</b>  | March 7, 1980   | January 10, 1985  | September 16, 1987   |
| <b>Date of Appointment</b>  | August 21, 2014   | September 19, 2014  | November 25, 2014  |
| <b>Qualifications</b>   | LL.M  | MBA in Finance  | Chartered Accountant and B.Com   |
| <b>Expertise in specific functional areas</b>                           | Mr. Anant Upadhyay is an eminent practicing lawyer. He has core expertise in Legal - contentious areas of 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 SEBI Act before High Court, Securities Appellate Tribunal, Sessions Court, Metropolitan Magistrates Courts, Small Causes Court etc. and Non-Contentious area such as Drafting of 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 etc. | She is a leading professional in the financial services industry and has vast experience in Banking, Fund Management and Capital Market Operations, Equity Research Analysis, Financial Analysis, Raising fund through Private Equity, Management reporting, Cost Reduction Measures, Joint Ventures, Mergers, Divestments, Budgeting and Management Reporting and Statutory Compliances. | He is a member of the Institute of Chartered Accountants of India, practicing mainly in the field of Service Tax, Central Excise and Customs. He writes articles, editorials for forum like taxindiaonline.com, service tax review etc and provides training and is visiting faculty on various forums and corporate bodies. |
| <b>Directorship held in other public Companies</b>                      | NIL   | NIL   | NIL  |
| <b>Chairman / Member of Committee the Board of Directors of Company</b> | <ol style="list-style-type: none"> <li>1. Chairman of Shareholders Grievances Committee</li> <li>2. Member of Audit Committee</li> <li>3. Member of Remuneration Committee</li> </ol>   | <ol style="list-style-type: none"> <li>1. Chairperson of Remuneration Committee</li> <li>2. Member of Audit Committee</li> <li>3. Member of Shareholders Grievance Committee</li> </ol>   | <ol style="list-style-type: none"> <li>1. Chairman of Audit Committee</li> <li>2. Member of Remuneration Committee</li> <li>3. Member of Shareholders Grievance Committee</li> </ol>   |
| <b>Number of Shares held in the Company as on March 31, 2014</b>        | NIL   | NIL   | NIL  |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting before the members the Twenty Fourth Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> March 2014.

### Financial Highlights

(₹ In lacs)

|  | 31.03.2014 | 31.03.2013 |
|--|------------|------------|
| Sales and Other Income                     | 38331.97   | 74397.00   |
| Less: Expenses                             | 38172.03   | 72072.96   |
| Profit before tax and depreciation         | 159.93     | 2324.04    |
| Less: Depreciation                         | 100.75     | 120.44     |
| Net Profit/(Loss) before Tax               | 59.18      | 2203.60    |
| Less: Income tax provision                 | 23.00      | 380.00     |
| Less: Deferred Tax                         | (35.63)    | (10.01)    |
| Less: Earlier Years' Income Tax            | 33.68      | 2.83       |
| Less: MAT Credit Entitlement               | (23.00)    | (290.00)   |
| Profit/(Loss) after tax                    | 61.13      | 2120.78    |
| Balance brought forward from previous year | 15836.27   | 14086.37   |
| Profit available for appropriation         | 15897.40   | 16207.15   |
| <b>Appropriation</b>                       |            |            |
| Issue of Bonus shares                      | ----       | ----       |
| General Reserve                            | ----       | ----       |
| Proposed Dividend on Equity shares         | ----       | 317.00     |
| Tax on Proposed Dividend                   | ----       | 53.87      |
| Profit carried over to Balance Sheet       | 15897.40   | 15836.27   |
| Earnings per share                         | 0.02       | 0.67       |

\* EPS is based on face value per share of ₹ 1/- each.

### Turnover & Profits

Your Directors wish to inform you that during the current financial year ended March 31, 2014, the sales and other income of the Company were ₹ 38,331.97 lacs and during the previous year it was ₹ 74,397.00 lacs. The Net Profit before tax stood at ₹ 59.18 lacs as against ₹ 2203.60 lacs in the previous year. The Net Profit after tax stood at ₹ 61.13 lacs as against ₹ 2120.78 lacs in the previous year. The decline in the performance of the company was mainly due to promoters dispute, due to which promoters could not devote sufficient time toward business. However, this was a temporary phase, since a settlement between the promoters took place with the help of court mediation in March, 2014. Now the management is confident that from current year onwards the performance will improve.

### Dividend

Due to reduced profits and in order to conserve the financial resources for future growth plans of the Company, the Directors do not recommend any dividend for the current financial year.

### 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 infused those funds in to financial instruments for the investment purpose. The management has taken this step



## 24<sup>th</sup> Annual Report 2013 -2014

considering the fact that as and when the Company will require funds for expansion the requisite funds will be transferred from investment to expansion and till the time the shareholders money will fetch good returns which will be further helpful in future expansion and new projects of the Company.

|                |   |                       |
|----------------|---|-----------------------|
|                | <b>Amount received from IPO</b>   | <b>12650.85</b>       |
| <b>Sr. No.</b> | <b>Particulars of proposed reallocated expenditure amount</b>   | <b>Amount in Lacs</b> |
| 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  | 1810.94               |
| 3.             | Working Capital Requirement for business  | 8459.96               |
| 4.             | General Corporate Purposes  | 218.37                |
| 5.             | Issue Expenses  | 828.68                |
|                | Total   | 12461.79              |
|                | Unutilized Amount Represented by  |                       |
|                | Bank Balance/Time Deposit   | 189.06                |

### Subsidiary Company and Consolidated Financials

The Board is exempted from attaching the balance sheet of subsidiary companies i.e. M. B. Diamonds, a Limited Liability Company, Russia, and Goenka Diamond & Jewels DMCC, Dubai, vide General Circular No.51/12/2007-CL-III dated February 8, 2011. Any Shareholder interested in obtaining copy of the financial statements of subsidiary companies may write to the Company Secretary/Compliance Officer at the Corporate Office or Registered Office address of the Company.

### Fixed Deposits

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public or its employees within the meaning of Section 58A of the Companies Act, 1956 and Rules made thereunder.

### Related Party Transactions

A statement of related party transactions pursuant to Accounting Standards 18 forms a part of the Annual Report.

### Directors

During the year, the Independent Directors of the Company namely Mr. Vijay Kalantri, Mr. D.R. Mehta and Dr. C.D. Arha resigned from the Company w.e.f. 26<sup>th</sup> November, 2013. Mr. Naresh Manchanda was appointed as an Independent Director of the company w.e.f. September 19, 2014 and has resigned w.e.f. November 15, 2014

The Board places on record its sincere appreciation of the invaluable and mature guidance and advice contributed by Mr. Vijay Kalantri, Mr. D.R. Mehta, Dr. C.D. Arha and Mr. Naresh Manchanda during their tenure.

Mr. Anant Upadhyay, Ms. Neetam Singh and Mr. Kevin Shah are appointed as Independent Directors in the Company.

Brief resume of the directors to be appointed is given in the annexure to the notice convening the 24<sup>th</sup> Annual General Meeting of the Company.

As per the Companies Act, 2013 and the Articles of Association of the Company, Mr. Anant Upadhyay was appointed as an Additional Director designated as an Independent Director w.e.f. August 21, 2014 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Anant Upadhyay for appointment as an Independent Director.

Ms. Neetam Singh was appointed as an Additional Director designated as an Independent Director w.e.f. September 19, 2014 and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Ms. Neetam Singh for appointment as an Independent Director.

Mr. Kevin Shah was appointed as an Additional Director designated as an Independent Director w.e.f. November 25, 2014 and he shall hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing Mr. Kevin Shah for appointment as an Independent Director.



The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- a) In the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

The Directors had prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

**Auditors**

M/s. Haribhakti & Co., Chartered Accountants and M/s. B. Khosla & Co., Chartered Accountants, Joint Statutory Auditors of the Company resigned as Auditors of the Company w.e.f. July 08, 2014 and July 14, 2014 respectively.

M/s. B. Khosla & Co., Chartered Accountants, have been re-appointed as Joint Statutory Auditors of the Company w.e.f. September 19, 2014. The Company has received a letter from M/s. B. Khosla & Co., Chartered Accountants to the effect that they are not disqualified to be re-appointed as Statutory Auditors of the Company pursuant to Section 139 and 141 of the Companies Act, 2013.

M/s. RSVA & Co., Chartered Accountants, have been appointed as Joint Statutory Auditors of the Company w.e.f. September 19, 2014. The Company has received a letter from M/s. RSVA & Co., Chartered Accountants to the effect that they are not disqualified to be appointed as Statutory Auditors of the Company pursuant to Section 139 and 141 of the Companies Act, 2013.

**COST AUDITOR**

The Company has appointed M/s. Jitendrakumar & Associates as the cost auditor for conducting the audit of cost records of the Company for the financial year 2013-14

**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.

**PARTICULARS OF EMPLOYEES**

There are no employees in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

**AUDITORS REMARKS AND MANagements REPLIES THEREUPON**

- 1) 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:

The management is of the opinion that the inventories are properly valued.

- 2) Regarding auditors observation wherein they have referred to Note No. 36 of notes on Financial statements wherein the management has confirmed that no financial adjustment is required to be made in the financial statements on account of various allegations, counter allegation and legal cases amongst promoters and also on account of dispute amongst promoters and settlement agreement executed thereafter.

The above note is self explanatory and the management is of the view that no financial adjustment is required to be made in the financial statements since the promoters have already arrived at the settlement with the help of court mediation vide settlement agreement executed on March 18, 2014.

3) Regarding Auditors Observation on recoverability of long outstanding Trade Receivables,

The management is of the opinion that, the recovery has been slow, due to global economic slowdown especially in diamond sector and also on account of dispute between promoters, which had temporarily affected the working capital cycle adversely. However, a settlement agreement has been executed between the promoters with help of court mediation on 18th March 2014, post which the management hopes that the company would be able to revive its operations. Nonetheless, the company has directly obtained confirmation from all its overseas Trade receivables and the management is of the opinion that looking at the past record, the Trade Receivables are good and recoverable and therefore no provision is required to be made against these Trade Receivables.

4) Regarding observations by the auditors made in point no. ix (a) & (b) of the Annexure 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.

5) Regarding observation made by the Auditors at Point No. (xi) of the Annexure to Auditors Report:

Certain factors such as promoters dispute, slow debtors realization, global economic slow down, adverse forex movement and significant weakening of rupee against the dollar had significant impact on the liquidity position of the Company, due to which there was delay in payment of a few bank debts obligations. Some of the overdue outstanding debts have already been repaid during the Financial Year 2014-15. The company is committed towards honoring all its debt obligations.

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

#### **A. Conservation of Energy:**

The Disclosure of particulars with respect to conservation of energy pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. However, the Company makes its best effort and corrective steps to utilize the energy in the most optimal manner.

#### **B. Technology Absorption, Adaptations & Innovation:**

The Company has not carried out any specific research and development activities.

The Company uses indigenous technology for its operations. Accordingly, the information related to technology absorption, adaptation and innovation is reported to be NIL.

#### **C. Foreign Exchange Earnings and Outgo:**

The information regarding Foreign exchange earnings and outgo is contained in note no.28 & 29 of notes on financial statements.

### **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**

Place: Mumbai

Date: November 29, 2014

**NANDLAL GOENKA**  
Chairman

**NAVNEET GOENKA**  
Vice Chairman & Managing Director



## CORPORATE GOVERNANCE

A Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this Report.

Good Corporate Governance practice lies at the foundation of our Company's business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit. It is committed to high levels of ethics and integrity in all its business dealings that avoids all conflicts of interest. In order to conduct business with these principles, the company creates simple corporate structures based on business needs and maintains a high degree of transparency through regular disclosures and a focus on adequate control systems.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is delighted to present this report covering the activities of the Company during the year 2013-2014.

Our Company is promoted by Mr. Nandlal Goenka who has over 40 years of experience in the gems and jewellery business and his two sons, Mr. Navneet Goenka and Mr. Nitin Goenka. Mr. Navneet Goenka and Mr. Nitin Goenka are supremely qualified and have 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 has expanded its business from export of coloured gem stones in the inception stage to the stage of setting up two Export Oriented Units in Surat for manufacturing of Diamonds to cater the overseas market and a manufacturing unit of diamond in Mumbai to serve and expand the local market. The Company is also promoting retail chain store for Jewellery so as to explore the retail arena.

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian Subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain.

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- **Global Economic Scenario**

Due to global economic slowdown and slump in demand of diamonds, 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 Middle East, Far East and South East Asian Countries.

- **Developing Brand Equity**

We retail our diamond jewellery under two brands viz. CERES and G WILD. We retail high end diamond jewellery under the CERES brand targeting the top-end segment of the society and G WILD focuses on internationally designed diamond jewellery targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and semi-precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands.

- **Forex risks**

A major portion of Company's revenue comes from exports. The exchange rate between Rupee and US Dollar has been highly volatile in recent times and therefore has a huge impact on the Company's results. The forex market is volatile and there are frequent and significant price fluctuations.

- **Competition within diamond industry**

The competition in the Gems and Jewellery sector is intensifying. There is a rise in diamond jewellery market as rising wealth in Asia increases demand for higher-priced pieces. Competition and profitability within an industry is intensifying among existing competitors. Substitute products erode the sales and revenues of the industry.

However, in the last few years we have diversified our export client base and have entered new markets for our export business.

- **Human Capital**

Company recognizes their employees to be a significant part of its accomplishments. The Company helps employee's foster ambitions and see them improve through their learning and skill development. The Company's employees are well motivated through the performance rewarding programme.



- **Internal Controls**

The Company has adequate internal control systems which is proportionate to its size and nature of business. The system supervises the internal business processes across departments to ensure operational efficiency, compliance with internal policies, applicable laws and regulations, optimum resource and asset utilization, and accurate reporting of financial transactions. 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.

- **Cautionary Statement**

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

- **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. Your Directors also wish to place on record their appreciation for the sincere and dedicated services rendered by the employees of the Company at all levels.

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

**Place: Mumbai**  
**Date: November 29, 2014**

**NANDLAL GOENKA**  
Chairman

**NAVNEET GOENKA**  
Vice Chairman & Managing Director



## Report on Corporate Governance

(Pursuant to Clause 49 of the Listing Agreement)

The report of Corporate Governance is pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges and forms a part of the report of the Board of Directors.

### 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 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 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 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<br><b>Chairman</b>                                     | C        | 3                      | Yes      | 1  | Nil                   | Nil                        | -       |
| Mr. Navneet Goenka<br><b>Vice Chairman and Managing Director</b>          | ED       | 4                      | Yes      | 1  | Nil                   | Nil                        | -       |
| Mr. Nitin Goenka<br><b>Managing Director</b>                              | ED       | 4                      | No       | 1  | Nil                   | Nil                        | -       |
| Mr. Vijay G. Kalantri<br><b>Independent Director</b><br>(upto 26/11/2013) | INED     | 2                      | No       | 13   | 5                     | 2                          | -       |
| Mr. C. D. Arha<br><b>Independent Director</b><br>(upto 26/11/2013)        | INED     | 3                      | No       | 4  | 2                     | 2                          |         |
| Mr. D. R. Mehta<br><b>Independent Director</b><br>(upto 26/11/2013)       | INED     | 3                      | No       | 9  | -                     | 4                          | -       |

C : Chairman

ED : Executive Director

INED : Independent Non Executive Director

#### 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 Clause 49 of the Listing Agreement, Membership/ Chairmanship of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

## 24<sup>th</sup> Annual Report 2013 -2014

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### Board Meetings held during the year 2013-2014

The day to day matters concerning the business is conducted by the executives of the Company under the direction of Executive Director with the supervision of the Board. During the year under review, four meetings of the Board were held on 11.05.2013, 10.08.2013, 22.11.2013 and 13.02.2014. The detailed 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.

### Audit Committee\*

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

**Chairman:** Mr. D.R. Mehta (Chairman)

**Members:** Mr. C.D. Arha  
Mr. Vijay G. Kalantri

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 Board of the Audit Committee covers area mentioned under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

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 three times viz.,

| Date of the Meeting | Quorum |
|---------------------|--------|
| 11.05.2013          | 2      |
| 10.08.2013          | 3      |
| 22.11.2013          | 3      |

The Chairman of the Audit Committee was not present at the 23<sup>rd</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September 2013.

**\*All the three Independent Directors of the Company resigned w.e.f. 26<sup>th</sup> November, 2013. The details of composition of the Committee and meetings of the Committee held upto the date before the resignation of Independent Directors is provided.**

The terms of the reference of the Audit Committee are as per the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 177 of the Companies Act, 2013 and inter alia it briefly includes the following:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;
- b) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit fees;
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to :
  - i) Matters required to be included in the Directors' Responsibility Statement which forms part of the Directors' Report pursuant to Clause 2AA of Section 217 of the Companies Act, 1956;
  - 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.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

- 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.

## Remuneration Committee\*

The Company has a Remuneration Committee. The 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.

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

**Chairman:** Mr. Vijay G. Kalantri

**Members:** Mr. C.D. Arha  
Mr. D.R. Mehta

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

The details of the Remuneration paid to the Executive Directors for the year ended 31<sup>st</sup> March 2014 and to the Non-Executive Directors the sitting fees for meetings of Directors and Committees of Directors are as follows:

| Name                 | Designation                       | Remuneration for 2013-14 (in ₹) |              |   |         | No. of shares held |
|----------------------|-----------------------------------|---------------------------------|--------------|---|---------|--------------------|
|                      |                                   | Salary                          | Sitting fees | Employer contribution to provident fund | Total   |                    |
| Mr. Nandlal Goenka   | Chairman                          | 600000                          | -            | 43200                                   | 643200  | 98550000           |
| Mr. Navneet Goenka   | Vice-Chairman & Managing Director | 480000                          | -            | 34560                                   | 514560  | 39153750           |
| Mr. Nitin Goenka     | Managing Director                 | 4800000                         | -            | 345600                                  | 5145600 | 40976250#          |
| Mr. Vijay Kalantri * | Independent, Non Executive        | -                               | 105000       | -                                       | 105000  | Nil                |
| Mr. D.R. Mehta *     | Independent, Non Executive        | -                               | 145000       | -                                       | 145000  | Nil                |
| Mr. C. D. Arha *     | Independent, Non Executive        | -                               | 145000       | -                                       | 145000  | Nil                |

Apart from the sitting fees that are paid to the Non-Executive 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 Directors vis-à-vis the Company.

- All decisions relating to the remuneration of Directors are taken by the Remuneration Committee in accordance, with the approval received from Board as well as the members of the Company.
- The Directors' remuneration as mentioned above consists of fixed salary component payable to them. There is no performance linked incentives payable to Directors for achievement of targets.
- During 2013–2014, the Company did not issue any stock options neither did it advance any loans to any of its Directors.

\* All the three Independent Directors of the Company resigned w.e.f. 26<sup>th</sup> November, 2013. The details of composition of the Committee upto the date before the resignation of Independent Directors is provided.

# All the shares were transferred during the year 2013-2014. The shares were transferred to Mrs. Nirmala Goenka on 12/11/2013.



## 24<sup>th</sup> Annual Report 2013 -2014

### Shareholders'/Investors' Grievance Committee\*

#### Terms of Reference

The Shareholders'/Investors' Grievance 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 Shareholders'/Investors' Grievance Committee comprises of the following Independent Non-Executive Directors:

**Chairman:** Mr. C.D. Arha

**Members:** Mr. Vijay G. Kalantri  
Mr. D.R. Mehta

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 Shareholders'/Investors' Grievance Committee met for Two times viz.,

| Date of the Meeting | Quorum |
|---------------------|--------|
| 11.05.2013          | 2      |
| 22.11.2013          | 3      |

#### Status of Shareholders'/Investors' Complaints

| Particulars   | No. of Complaints |
|---|-------------------|
| Complaints pending as on April 1, 2013                                | NIL               |
| Complaints received during the period April 1, 2013 to March 31, 2014 | 37                |
| Complaints resolved during the period April 1, 2013 to March 31, 2014 | 37                |
| Complaints outstanding as on March 31, 2014                           | NIL               |

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

No request of transfer and no request for dematerialization were pending for approval as on 31<sup>st</sup> March 2014.

**\*All the three Independent Directors of the Company resigned w.e.f. 26<sup>th</sup> November, 2013. The details of composition of the Committee and meetings of the Committee held upto the date before the resignation of Independent Directors is provided.**

#### 1. General Body Meetings

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

| Year      | Location   | Date       | Time       | Special Resolutions | Postal Ballot |
|-----------|--|------------|------------|---------------------|---------------|
| 2010-2011 | Hotel Park Prime, Orchid Hall, C-59, Prithviraj RD, C- Scheme, Jaipur- 302001              | 30.09.2011 | 10.30 a.m. | 1                   | N.A.          |
| 2011-2012 | Royal Court, Country Inn & Suites by Carlson, M.I. Road, Khasa Kothi Circle, Jaipur 302001 | 27.09.2012 | 11.00 a.m. | -                   | N.A.          |
| 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.          |

None of the resolutions proposed to be passed at the ensuing 24<sup>th</sup> Annual General Meeting requires to be put through postal ballot.

#### 2. 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. 31 of Notes on financial statements of the year.

##### b) Compliances by the Company

During the financial year 2013-14 the Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to the capital markets during the last three years. No penalties or strictures were imposed on the Company by the stock exchanges, SEBI, or other statutory authorities relating to the above. However, the Annual Financial Results for the Year Ended March 31, 2014 were not submitted in time for which due penalty has been/will be paid by the Company.

**3. 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 Listing Agreement with the Stock Exchanges, 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 Listing Agreement and are published in The Financial Express, National Newspaper (English), Apla Mahanagar (Marathi) and Jaipur Mahanagar Times Regional Newspaper (Rajasthan). However, the Annual Financial Results for the Year Ended March 31, 2014 were not submitted in time for which due penalty has been/will be paid by the Company. The financial results and official news releases were displayed on the Company's website [www.goenkadiamonds.com](http://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.

**A) Compliance with other 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 clause 49(IV) (F) of the Listing Agreement.

**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 stakeholder, 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 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, 1992 as amended from time to time.

**e) CEO/CFO Certification**

A certificate as required under clause 49(V) of Listing Agreement from Chief Financial Officer was placed before the Board.

**f) Risk Management**

The Company understands that no single approach would be adequate enough to effectively manage risk arising out of business as well as proprietary trading activity. Hence, the Company has adopted a multi-pronged approach to managing risk especially proprietary, its Treasury would be taking. This approach has four dimensions – Define, Assess, Contain and Quantify.

**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. A declaration to the effect that the Directors and senior managerial personnel have adhered to the same, signed by the Vice Chairman of the Company, forms a part of this Report, which along with the Auditor's Certificate on the compliance of Clause 49 of the Listing Agreement by the Company is annexed to this report.

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

The Board has an Executive Chairman.

**b) Remuneration Committee**

The Company has set up a remuneration committee which is vested with the powers to recommend the remuneration payable to Managerial Personnel in accordance with section 198, 269, 310 and 311 read with schedule XIII of the Companies Act, 1956 and any increments thereof within the maximum limits as approved by the shareholders from time to time. All the members of remuneration committee are Independent Directors.

## c) 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.gdjl.co.in](http://www.gdjl.co.in), which is accessible to the public at large.

## d) 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.

## e) Whistle Blower Policy

The Company has not adopted any Whistle Blower Policy. However, the Company promotes ethical behavior in its activities and employees of the Company are free to report existing/probable violations of laws, rules or unethical conduct to the management. The management of the Company is obligated to maintain confidentiality of such reporting and ensure that nobody is subjected to any discriminatory practice.

## 4. General Shareholder Information

### a) Annual General Meeting:

Date and Time : Tuesday, 30<sup>th</sup> December, 2014 at 11.00 a.m.  
 Venue : Bungalow No. C – 114, Shivaji Marg, Vijaypath, Tilak Nagar, Jaipur – 302 004  
 Financial year : 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014

### b) Financial Calendar : 2014-2015 (Tentative)

|  |                           |
|--|---------------------------|
| Annual General Meeting – Next Year Board Meetings:               | September 2015            |
| - Results for the quarter ending 30 <sup>th</sup> June 2014      | Held on October 31, 2014  |
| - Results for the quarter ending 30 <sup>th</sup> September 2014 | Held on November 14, 2014 |
| - Results for the quarter ending 31 <sup>st</sup> December 2014  | By February 14, 2014      |
| - Results for the year ending 31 <sup>st</sup> March 2015        | By May 30, 2015           |

c) **Book Closure Date** : 23<sup>rd</sup> December, 2014 to 30<sup>th</sup> December, 2014  
 (both days inclusive)

d) **Listing on Stock Exchanges** : The Equity Shares of the Company got listed on April 16, 2010 at the following Stock Exchanges:-  
 Bombay Stock Exchange Limited  
 The National Stock Exchange of India Ltd

### e) 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 2013-2014 have been paid to all the above Stock Exchanges)

### f) 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, 2013     | 29.95                              | 23.15             | 29.85                                | 25.75             |
| May, 2013       | 30.80                              | 25.80             | 31.00                                | 25.10             |
| June, 2013      | 27.45                              | 17.85             | 27.50                                | 17.60             |
| July, 2013      | 26.40                              | 17.10             | 26.50                                | 17.00             |
| August, 2013    | 21.00                              | 13.50             | 21.10                                | 13.50             |
| September, 2013 | 23.95                              | 13.50             | 23.95                                | 13.50             |
| October, 2013   | 21.15                              | 16.25             | 21.15                                | 16.00             |
| November, 2013  | 16.90                              | 9.70              | 16.90                                | 9.70              |
| December, 2013  | 10.25                              | 5.82              | 10.20                                | 5.85              |
| January, 2014   | 7.46                               | 3.64              | 7.40                                 | 3.80              |
| February, 2014  | 4.38                               | 2.69              | 4.50                                 | 2.80              |
| March, 2014     | 3.09                               | 2.17              | 3.15                                 | 2.20              |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

**g) Registrar and Share Transfer Agents:**

Karvy Computershare Pvt. Ltd.  
(Unit: Goenka Diamond and Jewels Limited)  
Karvy House, 46, Avenue 4, Street No.1,  
Banjara Hills, Hyderabad 500034  
Phone No. 040-23420815/24

**h) 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 Share Transfer Committee meets as often as required. There were no share transfers in physical form during 2013-14 and no share transfer pending as on March 31, 2014.

**i) 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, 2014 only 30 Equity Shares out of 31,70,00,000 equity shares of the Company are in physical form and 31,69,99,970 equity shares of the Company are in dematerialized form..

**j) Distribution of Shareholdings as on March 31, 2014**

| Shareholding of nominal value | Shareholders |                 | Share Amount        |                 |
|-------------------------------|--------------|-----------------|---------------------|-----------------|
| In ₹                          | Number       | % to Total Nos. | In ₹                | % to Total Amt. |
| Upto - 5000                   | 7601         | 86.35           | 7745329.00          | 2.45            |
| 5001 - 10000                  | 518          | 5.89            | 4063129.00          | 1.28            |
| 10001 - 20000                 | 273          | 3.10            | 4040881.00          | 1.27            |
| 20001 – 30000                 | 114          | 1.30            | 2880749.00          | 0.91            |
| 30001 – 40000                 | 53           | 0.60            | 1845899.00          | 0.58            |
| 40001 – 50000                 | 38           | 0.43            | 1737508.00          | 0.55            |
| 50001 – 100000                | 78           | 0.89            | 5737190.00          | 1.81            |
| 100001 and above              | 127          | 1.44            | 288949315.00        | 91.15           |
| <b>TOTAL</b>                  | <b>8802</b>  | <b>100.00</b>   | <b>317000000.00</b> | <b>100.00</b>   |

**k) Shareholding Pattern as on March 31, 2014**

| Category of Shareholders                 | Holding %     |
|--|---------------|
| Promoters / Directors/Relatives – Indian | 70.48         |
| International Investors (FIIs/NRIs/OCBs) | 2.22          |
| Bodies Corporate                         | 10.53         |
| Resident Indians                         | 14.26         |
| Others                                   | 2.51          |
| <b>Total</b>                             | <b>100.00</b> |

**l) Address for Investors Correspondence:**

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

Karvy Computershare Pvt. Ltd.  
(Unit Goenka Diamond and Jewels Ltd.)  
Karvy House, 46, Avenue 4,  
Street No.1, Banjara Hills,  
Hyderabad 500 034

**Email Id for investors correspondence:** [investors@goenkadiamonds.com](mailto:investors@goenkadiamonds.com)

**m) Any query on Annual Report**

Registered Office of the Company

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

Place: **Mumbai**  
Date: **November 29, 2014**

Kundan Tanawade  
Company Secretary & Compliance Officer



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

To,

The Members of

**Goenka Diamond and Jewels Limited**

I have examined the compliance of the conditions of Corporate Governance by Goenka Diamond and Jewels Limited, for the year ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to review of 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 Clause 49 of the Listing Agreement of the Stock Exchanges of India, except for the following matters:

- a) There was no Audit Committee since November 26, 2013 as required by the Clause 49 of the Listing Agreement. Audit Committee dissolved pursuant to resignation of all three Independent Directors on November 26, 2013.
- b) There was no Shareholders Grievance Committee since November 26, 2013 as required by the Clause 49 of the Listing Agreement. Shareholders Grievance Committee dissolved pursuant to resignation of all three Independent Directors on November 26, 2013.
- c) There was no Remuneration Committee since November 26, 2013 as required by the Clause 49 of the Listing Agreement. Remuneration Committee dissolved pursuant to resignation of all three Independent Directors on November 26, 2013.
- d) The results for the Financial Year Ended March 31, 2014 were not submitted to stock exchange(s) within stipulated time period.

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

**VISHAL N MANSETA**

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

**Place: Mumbai**

**Dated: November 29, 2014**



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**STATEMENT OF DISCLOSURE BY AUDIT COMMITTEE TO THE SHAREHOLDERS**

To,

The Shareholders of

**Goenka Diamond and Jewels Limited**

In terms of Clause 49 of the Listing Agreement regarding Corporate Governance, we the members of the Audit Committee disclose in respect of the Financial Year 2013-2014 that;

- 1) the Audit Committee has reviewed the Audited Financial Statement of the Company and held discussions on the quality of the accounting principles as applied and significant judgments affecting Company's financial statements;
- 2) the Audit Committee has discussed the quality of those principles as applied and judgments referred on (1) above under the circumstances;
- 3) the Chairman of the Audit Committee and its members after initial discussions amongst themselves, invited the Chairman and Executive Directors of the Company along with the Internal Auditor to discuss the various issues related to Audited Financial Statements of the Company. The Members of the Audit Committee discussed with the Management on the various issues pertaining to the Audited Financial Statements;
- 4) the Audit Committee, in reliance on the review and discussion conducted with Management in (1), (2) and (3) above, believed that the Company's financial statements are fairly presented in conformity with the generally accepted accounting principles in all material respects.

For and on Behalf of Audit Committee of  
**Goenka Diamond and Jewels Limited**

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**Chairman, Audit Committee**

**Place:** Mumbai

**Dated:** November 29, 2014

### **CERTIFICATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER OF THE COMPANY**

We, Nandlal Goenka, Acting Chief Executive Officer and Navneet Goenka, Chief Financial Officer of Goenka Diamond and Jewels Limited, to the best of our knowledge and belief certify that;

1. We have reviewed the Balance Sheet and Statement of Profit and Loss of the Company for the year ended 31<sup>st</sup> March, 2014 and all its notes on financial statements, as well as the Cash Flow Statement.
2. To the best of our knowledge and information;
  - a) these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - b) 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.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to be applicable, to the company's auditors and through them to the Audit Committee of the Company's Board of Directors:
  - a) All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
  - b) Significant changes in Internal control during the year;
  - c) Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control system;
  - d) Significant changes in accounting policies during the year's

We further declare that all board members and senior management have affirmed compliance with the code of conduct.

### **For Goenka Diamond and Jewels Limited**

Nandlal Goenka  
**Chairman**  
**(Acting Chief Executive Officer)**

Navneet Goenka  
**Chief Financial Officer**

Place: **Mumbai**

Date : **November 29, 2014**



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**INDEPENDENT AUDITORS REPORT****To the Members of Goenka Diamonds and Jewels Limited****Report on the Financial Statements**

We have audited the accompanying statements of Goenka Diamond and Jewels Limited ("The Company") which comprise the Balance sheet as at March 31, 2014, the Statement of Profit and Loss and 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 Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and Cash Flow Statement of the Company in accordance with new schedule VI and the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our Responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those Standards require that we comply with ethical requirements and plan perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis of Qualified Opinion**

*Refer Note No. 15 (footnote) of Notes on financial statements regarding Trade Receivables amounting to ₹ 562.20 Crore which includes considerable amounts outstanding for more than 6 months from due date. As explained therein, the recoveries from these trade receivables have been slow but the same are considered as good and recoverable by the management. These Trade Receivables are subject to confirmation as we have not carried out direct confirmation procedure. The consequential adjustments, if any, arising out of these are not quantifiable.*

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for matter described in Basis of Qualified opinion above*, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

#### We draw attention to

- i. Note 1(F) of Significant Accounting Policies regarding Inventories wherein the determination of estimated net realizable value and specification identification involves technical judgment of the management which has been relied upon by us.
- ii. Note No. 36 of Notes on Financial statements wherein the management has confirmed that no financial adjustment is required to be made in the financial statements on account of various allegations, counter allegation and legal cases amongst promoters and also on account of dispute amongst promoters and settlement agreement executed thereafter.

#### Our opinion is not qualified in respect of this matter.

#### Report on other legal and regulatory requirements.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227 (3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) *Except for the matter described in basis of Qualified Opinion above*, in our opinion, the Balance Sheet and Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of Directors are disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Sandeep Mundra**  
Partner  
Membership No. 75482

**Place: Mumbai**  
**Date : November 29, 2014.**

**For RSVA and Company**  
Chartered Accountants  
FRN No.110504W

**B.N.Rao**  
Partner  
Membership No. 039555

**Place: Mumbai**  
**Date : November 29, 2014.**



**ANNEXURE TO AUDITORS' REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements in the Independent Auditors Report of even date to the members of Goenka Diamond and Jewels Limited on the financial statements for the year ended March 31, 2014)**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets on basis of available information.
- (b) As explained to us, the fixed assets of the company have been physically verified by the management during the year. 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 physical verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii.) (a) The Inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on physical verification of stock as compared to book records are not material and the same have been properly dealt with in the books of accounts.
- (iii) (a) The Company has granted unsecured loan to one (1) company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹1224.15 lacs and the year-end balance of loans granted to such party was ₹ 1171.95 lacs..
- (b) In our opinion and according to the information and explanations given to us the rate of interest and other terms and conditions for such loans are not *prima-facie* prejudicial to the interest of the Company
- (c) The terms and conditions for repayment of loan and payment of interest on the loan granted to party has not been stipulated. In absence of the same, we are unable to comment on the same.
- (d) In absence of terms and condition for repayment of loan granted, we are unable to comment whether there is overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4(iii) (f) and (g) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) Due to peculiarity of good purchased from parties covered under section 301 of the Companies Act, we are unable to comment whether the transactions made in pursuance of such contracts or arrangements exceeding value of ₹ Five Lacs that have been entered into during the financial year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanation given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company in respect of products where, pursuant to rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of Sub- Section (1) of Section 209(1) (d) Act, and we are of the opinion that prima facie, the prescribed accounts and records have been maintained.

- (ix) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax and service tax dues applicable to it have not been regularly deposited with the appropriate authorities

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable *except undisputed dues of income tax which is outstanding for more than six months from the date they became payable at the balance sheet date is as under:*

| Name of the Statute  | Nature of dues | Amount of (₹ In Lacs)            | Period to which amount relates | Due date       | Date of Payment |
|----------------------|----------------|----------------------------------|--------------------------------|----------------|-----------------|
| Income Tax Act, 1961 | Income Tax     | ₹ 203.07<br>(excluding interest) | Financial Year 2012-2013       | March 31, 2013 | Not yet paid    |

- (b) According to the information and explanation given to us, following are the disputed statutory dues pending to be deposited as at the year end

| Name of The Statute            | Nature of the Dues | Amount (₹)   | Period to which the amount relates | Forum where dispute is pending             |
|--------------------------------|--------------------|--------------|------------------------------------|--|
| Income Tax Act, 1961           | Income Tax         | 11,62,19,970 | AY 2009-2010                       | ITAT, Jaipur                               |
|                                |                    | 35,78,698    | AY 2010-2011                       | ITAT, Jaipur                               |
|                                |                    | 28,95,08,100 | AY 2011-2012                       | CIT(Appeals), Jaipur                       |
| Central Excise and Customs Act | Service Tax        | 6,22,540     | FY 2008-2009<br>FY 2011-2012       | Commissioner of<br>Central Excise (Appeal) |

- (x) In our opinion, there are no accumulated losses of the Company as at the end of financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) *In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks amounting to ₹ 617.70 lacs being the amount of overdue bills crystallized by banks to the tune of ₹ 363.56 Lacs and ₹ 254.14 lacs in the month of January and March, 2014 respectively.*
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to information and explanations given to us, proper have been maintained of its transactions and contracts and timely entries have been made therein. The company held shares, securities, debentures and other investments in its own name.
- (xv) In our opinion and according to information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions during the year.
- (xvi) The Company has not obtained any term loans during the year.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company had in the previous financial year raised money by way of public issue. The management has disclosed end use of the money raised.
- (xxi) *We draw attention to Note No.36 of Notes on financial statement wherein management has stated that no financial adjustment is required on various allegations, counter allegation, legal cases amongst promoters. Subject to the this, during the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company, noticed or reported during the year, nor have we been informed of such case by the management.*

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

**For RSVA and Company**  
Chartered Accountants  
FRN No.110504W

**Sandeep Mundra**  
Partner  
Membership No. 75482

**B.N.Rao**  
Partner  
Membership No. 039555

**Place: Mumbai**  
**Date – November 29, 2014.**

**Place: Mumbai**  
**Date – November 29, 2014.**

## Balance Sheet as at March 31, 2014

|  | Note     | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|--|----------|------------------------------|------------------------------|
| <b>EQUITY AND LIABILITIES</b>              |          |                              |                              |
| <b>Shareholders' Funds</b>                 |          |                              |                              |
| Share Capital                              | 2        | 317,000,000                  | 317,000,000                  |
| Reserves And Surplus                       | 3        | 2,699,492,400                | 2,682,243,924                |
| Money received against share warrants      |          | -                            | -                            |
|  |          | <b>3,016,492,400</b>         | <b>2,999,243,924</b>         |
| Share application money pending allotment  |          | -                            | -                            |
| <b>Non-Current Liabilities</b>             |          |                              |                              |
| Long-Term Borrowings                       |          | -                            | -                            |
| Long-Term Provisions                       | 4        | 4,568,561                    | 4,830,762                    |
|  |          | <b>4,568,561</b>             | <b>4,830,762</b>             |
| <b>Current Liabilities</b>                 |          |                              |                              |
| Short-Term Borrowings                      | 5        | 1,566,556,349                | 1,444,911,061                |
| Trade Payables                             | 6        | 2,040,421,005                | 1,242,082,056                |
| Other Current Liabilities                  | 7        | 65,744,977                   | 16,837,773                   |
| Short-Term Provisions                      | 8        | 30,454,515                   | 64,797,152                   |
|  |          | <b>3,703,176,846</b>         | <b>2,768,628,042</b>         |
| <b>Total</b>                               |          | <b>6,724,237,807</b>         | <b>5,772,702,728</b>         |
| <b>ASSETS</b>                              |          |                              |                              |
| <b>Non-Current Assets</b>                  |          |                              |                              |
| <b>Fixed Assets</b>                        |          |                              |                              |
| Tangible Assets                            | 9        | 115,128,940                  | 131,246,468                  |
| Intangible Assets                          | 9        | -                            | 9,211                        |
| Capital Work-In-Progress                   | 9        | -                            | -                            |
| Non-Current Investments                    | 10       | 1,947,604                    | 1,947,604                    |
| Deferred Tax Assets                        | 11       | 10,368,014                   | 6,805,115                    |
| Long-Term Loans and Advances               | 12       | 154,057,557                  | 150,664,787                  |
| Other non-current assets                   |          | -                            | -                            |
|  |          | <b>281,502,115</b>           | <b>290,673,185</b>           |
| <b>Current Assets</b>                      |          |                              |                              |
| Current Investments                        | 13       | 49,000,000                   | 53,647,000                   |
| Inventories                                | 14       | 702,749,928                  | 1,434,513,539                |
| Trade Receivables                          | 15       | 5,622,019,838                | 3,806,368,479                |
| Cash and Bank Balances                     | 16       | 32,076,990                   | 128,808,065                  |
| Short-Term Loans and Advances              | 17       | 24,338,189                   | 53,963,221                   |
| Other Current Assets                       | 18       | 12,550,747                   | 4,729,240                    |
|  |          | <b>6,442,735,692</b>         | <b>5,482,029,544</b>         |
| <b>Total</b>                               |          | <b>6,724,237,807</b>         | <b>5,772,702,728</b>         |
| <b>Significant Accounting Policies</b>     |          |                              |                              |
| <b>Other Notes on Financial Statements</b> |          |                              |                              |
|  | 1        |                              |                              |
|  | 27 to 43 |                              |                              |

As per our report of even date attached

For &amp; 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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director  
DIN No. 00164428

Place - Mumbai  
Date - Nov 29, 2014

**KUNDAN TANAWADE**  
Company Secretary



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## Statement of Profit & Loss for the year ended March 31, 2014

|  | <u>Note No.</u>   | <u>Year ended</u><br><u>March 31, 2014</u>                                     | <u>Year ended</u><br><u>March 31, 2013</u> |
|--|---|--|--|
|  |   | ₹  | ₹  |
| <b>REVENUE</b>   |   |  |  |
| Revenue From Operations  | 19  | 3,748,376,926  | 7,293,262,117                              |
| Other Income   | 20  | 84,819,964   | 146,437,813                                |
| <b>Total</b>   |   | <b>3,833,196,890</b>   | <b>7,439,699,930</b>                       |
| <b>EXPENSES</b>  |   |  |  |
| Cost of Materials Consumed   | 21  | 3,501,326,724  | 6,883,798,481                              |
| Purchases of Stock-In-Trade  | 22  | -  | 27,894,831                                 |
| Changes in Stock-In-Trade  | 23  | 123,172,510  | 93,253,552                                 |
| Employee Benefits Expense  | 24  | 23,749,489   | 31,478,768                                 |
| Finance Costs  | 25  | 122,807,709  | 101,391,174                                |
| Depreciation and Amortization Expense  | 9   | 10,075,255   | 12,043,781                                 |
| Other Expenses   | 26  | 46,146,998   | 69,479,614                                 |
| <b>Total</b>   |   | <b>3,827,278,684</b>   | <b>7,219,340,201</b>                       |
| <b>Profit Before Tax</b>   |   | <b>5,918,206</b>   | <b>220,359,730</b>                         |
| <b>Tax Expense:</b>  |   |  |  |
| (1) Current Tax (MAT)  |   | 2,300,000  | 38,000,000                                 |
| (2) MAT Credit Entitlement   |   | (2,300,000)  | (29,000,000)                               |
| (3) Earlier Years Tax / MAT Credit   |   | 3,368,106  | 283,107                                    |
| (4) Deferred Tax Charges/(Credits)   |   | (3,562,899)  | (1,001,268)                                |
|  |   | <b>(194,793)</b>   | <b>8,281,839</b>                           |
| <b>Profit for the Year</b>   |   | <b>6,112,999</b>   | <b>212,077,891</b>                         |
| Earnings Per Share (FV ₹ 1/-Each - Refer Note No. 33)                        |   |  |  |
| Basic and Diluted (₹)  |   | <b>0.02</b>  | <b>0.67</b>                                |
| <b>Significant Accounting Policies</b>                                       | <b>1</b>  |  |  |
| <b>Other Notes on Financial Statements</b>                                   | <b>27 to 43</b>   |  |  |
| As per our report of even date attached                                      |   | For & On behalf of the Board   |  |
| For <b>B. KHOSLA &amp; CO.</b><br>Chartered Accountants<br>F.R. No.: 000205C | For <b>RSVA &amp; CO.</b><br>Chartered Accountants<br>F.R. No.: 110504W | <b>NANDLAL GOENKA</b><br>Chairman<br>DIN No. 00125281                          |  |
| <b>SANDEEP MUNDRA</b><br>Partner<br>M.No.: 075482                            | <b>B N RAO</b><br>Partner<br>M.No.: 039555                              | <b>NAVNEET GOENKA</b><br>Vice Chairman & Managing Director<br>DIN No. 00164428 |  |
| Place - Mumbai<br>Date - Nov 29, 2014  |   | <b>KUNDAN TANAWADE</b><br>Company Secretary                                    |  |



## Cash Flow Statement for the year ended March 31, 2014

|   | Year ended<br>March, 31 2014 | Year ended<br>March, 31 2013 |
|---|------------------------------|------------------------------|
|   | ₹                            | ₹                            |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                              |                              |
| Net profit before tax and extraordinary items   | 5,918,206                    | 220,359,730                  |
| <b>Adjustment for</b>   |                              |                              |
| Depreciation  | 10,075,255                   | 12,043,781                   |
| Unrealised Exchange Difference  | (114,075,340)                | (33,473,069)                 |
| Impairment of Fixed Assets  | 3,031,953                    | -                            |
| Profit on Sale of Fixed Assets  | (6,737,469)                  | -                            |
| Gratuity & Leave Liabilities  | -                            | (1,057,689)                  |
| Finance Charges Paid  | 122,807,709                  | 101,391,174                  |
| Interest Income   | (16,131,186)                 | (9,893,440)                  |
| Dividend Income   | -                            | (9,062,238)                  |
| <b>Operating Profit before Working Capital Changes</b>                                  | <b>4,889,128</b>             | <b>280,308,249</b>           |
| <b>Adjustment for</b>   |                              |                              |
| Trade and other receivables(including loans and advances)                               | (1,548,568,071)              | (674,198,107)                |
| Inventories   | 731,763,611                  | (150,669)                    |
| Trade payable   | 695,633,931                  | 288,268,353                  |
| Other Current Liabilities   | 8,861,730                    | (78,927,073)                 |
| <b>Cash generated from operations</b>   | <b>(107,419,671)</b>         | <b>(184,699,247)</b>         |
| Income Tax Paid (Net)   | (867,370)                    | (9,283,107)                  |
| Fringe Benefit Tax Paid   | -                            | -                            |
| <b>Net cash from Operating Activities</b>   | <b>(108,287,041)</b>         | <b>(193,982,354)</b>         |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>  |                              |                              |
| Purchase of Fixed Assets  | (43,000)                     | (2,915,540)                  |
| Sale of Fixed Assets  | 9,400,001                    | -                            |
| Investment(Redemption) in Mutual Fund & Fixed deposits & OCD                            | 4,647,000                    | 79,902,061                   |
| Non-current Investments   | -                            | (744,414)                    |
| Interest Income   | 16,131,186                   | 9,893,440                    |
| Dividend Income   | -                            | 9,062,238                    |
| <b>Net cash from investing activities</b>   | <b>30,135,187</b>            | <b>95,197,785</b>            |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |                              |                              |
| Proceed from Borrowings   | 103,372,755                  | 271,255,943                  |
| Interest & Bank Commission paid on Borrowings   | (122,807,709)                | (101,391,174)                |
| Dividend Paid ( Including Dividend Distribution Tax )                                   | -                            | (37,087,415)                 |
| <b>Net cash from financing activities</b>   | <b>(19,434,954)</b>          | <b>132,777,353</b>           |
| Net increase in Cash and Cash equivalent (A+B+C)  | (97,586,808)                 | 33,992,784                   |
| Cash and Cash equivalent in the Opening balance   | 110,252,098                  | 76,259,314                   |
| <b>Cash and Cash equivalent in the Closing balance</b>                                  | <b>12,665,290</b>            | <b>110,252,098</b>           |
| <b>Note :</b>   |                              |                              |
| <b>Cash and cash equivalent include cash on hand, bank balance and cheques in hand.</b> |                              |                              |
| <b>Closing Cash and Cash Equivalents as per books</b>                                   |                              |                              |
| Total of Cash & Cash Equivalents ( Refer Note No. 16)                                   | 31,987,319                   | 128,718,294                  |
| Fixed Deposit more than 3 months  | 19,322,029                   | 18,466,196                   |
| <b>Cash and Cash equivalent in the Closing balance</b>                                  | <b>12,665,290</b>            | <b>110,252,098</b>           |
| Cash in hand  | 2,016,773                    | 216,401                      |
| Current Accounts  | 10,648,518                   | 110,035,697                  |
| <b>Total</b>  | <b>12,665,290</b>            | <b>110,252,098</b>           |

As per our report of even date attached

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

**SANDEEP MUNDRA**  
Partner  
M.No.: 075482  
Place - Mumbai  
Date - Nov 29, 2014

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

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

For &amp; On behalf of the Board

**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**NAVNEET GOENKA**  
Vice Chairman & Managing Director  
DIN No. 00164428  
**KUNDAN TANAWADE**  
Company Secretary

**1. SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED MARCH 31, 2014****A. Basis of Preparation of Financial Statements**

- a. The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) 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 assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI of the Companies Act, 1956. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and 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.

Assets costing less than ₹ 5000/- are depreciated fully in the year of acquisition.

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 XIV of the Companies Act, 1956.

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

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

**Contingent Liability** is disclosed in case of

- 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
- 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, 2014

Note No.

**2 Share Capital**

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

| Particulars   | As at<br>March 31, 2014 |                    | As at<br>March 31, 2013 |                    |
|---|-------------------------|--------------------|-------------------------|--------------------|
|   | Number                  | Amount             | Number                  | Amount             |
| <b>Authorised Share Capital</b>   |                         |                    |                         |                    |
| Equity Shares of ₹ 1/- each fully paid up<br>(P/Y ₹ 10/- per share fully paid up) | 330,000,000             | 330,000,000        | 330,000,000             | 330,000,000        |
| <b>Issued, Subscribed and Paid up</b>   |                         |                    |                         |                    |
| Equity Shares of ₹ 1/- each fully paid up   | 317,000,000             | 317,000,000        | 317,000,000             | 317,000,000        |
|   |                         | <b>317,000,000</b> |                         | <b>317,000,000</b> |

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

| Particulars                                     | As at<br>March 31, 2014<br>Equity Shares |             | As at<br>March 31, 2013<br>Equity Shares |             |
|---|--|-------------|--|-------------|
|   | Number                                   | Amount      | Number                                   | Amount      |
| Shares outstanding at the beginning of the year | 317,000,000                              | 317,000,000 | 31,700,000                               | 317,000,000 |
| Shares Issued during the year                   | -  | -           | -  | -           |
| Shares bought back during the year              | -  | -           | -  | -           |
| Shares outstanding at the end of the year       | 317,000,000                              | 317,000,000 | 317,000,000                              | 317,000,000 |

- 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<br>March 31, 2014                                    |              | As at<br>March 31, 2013                                    |              |
|-------------------------------------|--|--------------|--|--------------|
|                                     | No. of Shares held (basis : Face Value of ₹ 1/- per share) | % of Holding | No. of Shares held (basis : Face Value of ₹ 1/- per share) | % of Holding |
| <b>Equity Shares:</b>               |  |              |  |              |
| NANDLAL GOENKA                      | 98,550,000   | 31.09%       | 98,550,000   | 31.09%       |
| NITIN GOENKA (Refer Note No. 2 (d)) | -  | 0.00 %       | 40,976,250   | 12.93%       |
| NAVNEET GOENKA                      | 39,153,750   | 12.35%       | 39,153,750   | 12.35%       |
| NAND LAL GOENKA (HUF)               | 34,200,000   | 10.79%       | 34,200,000   | 10.79%       |
| NIRMALA GOENKA                      | 51,326,250   | 16.19%       | -  | 0.00%        |

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

- f. Aggregate number of shares allotted as fully paid up by way of bonus shares

|                               | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10     |
|-------------------------------|---------|---------|---------|---------|-------------|
| <b>By Way of Bonus Shares</b> | -       | -       | -       | -       | 104,202,000 |
| (adjusted for F.V. of ₹ 1/-)  |         |         |         |         |             |





# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 3 Reserves & Surplus

|   | <b>As at</b><br><b>March 31, 2014</b> |                             | <b>As at</b><br><b>March 31, 2013</b> |                             |
|---|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
|   | ₹                                     | ₹                           | ₹                                     | ₹                           |
| <b>A. Securities Premium Account :</b>          |                                       |                             |                                       |                             |
| Opening Balance                                 | 1,088,507,042                         |                             | 1,088,507,042                         |                             |
| Add (Less) : Movement during the year           | -                                     |                             | -                                     |                             |
|   | <u>1,088,507,042</u>                  |                             | <u>1,088,507,042</u>                  |                             |
|   |                                       | <b>1,088,507,042</b>        |                                       | <b>1,088,507,042</b>        |
| <b>B. General Reserve:</b>                      |                                       |                             |                                       |                             |
| Opening Balance                                 | 9,908,000                             |                             | 9,908,000                             |                             |
| Add (Less) : Movement during the year           | -                                     |                             | -                                     |                             |
|   | <u>9,908,000</u>                      |                             | <u>9,908,000</u>                      |                             |
|   |                                       | <b>9,908,000</b>            |                                       | <b>9,908,000</b>            |
| <b>C. Foreign Currency Translation Reserve:</b> |                                       |                             |                                       |                             |
| Opening Balance                                 | 201,635                               |                             | -                                     |                             |
| Add (Less) : Movement during the year           | 11,135,475                            |                             | 201,635                               |                             |
|   | <u>11,337,110</u>                     |                             | <u>201,635</u>                        |                             |
|   |                                       | <b>11,337,110</b>           |                                       | <b>201,635</b>              |
| <b>D. Surplus/ (Deficit)</b>                    |                                       |                             |                                       |                             |
| Opening balance                                 | 1,583,627,248                         |                             | 1,408,636,772                         |                             |
| Add:  |                                       |                             |                                       |                             |
| Net Profit For the current year                 | 6,112,999                             |                             | 212,077,891                           |                             |
|   | <u>1,589,740,248</u>                  |                             | <u>1,620,714,663</u>                  |                             |
| <b>Less: Appropriations</b>                     |                                       |                             |                                       |                             |
| Proposed Dividend                               | -                                     |                             | 31,700,000                            |                             |
| Tax on Proposed Dividend                        | -                                     |                             | 5,387,415                             |                             |
|   |                                       |                             |                                       |                             |
| Surplus/ (Deficit)                              |                                       | <u><b>1,589,740,248</b></u> |                                       | <u><b>1,583,627,248</b></u> |
|   |                                       | <u><b>2,699,492,400</b></u> |                                       | <u><b>2,682,243,924</b></u> |

### Non Current Liabilities

### 4 Long Term Provisions

|  | <b>As at</b><br><b>March 31, 2014</b> |                         | <b>As at</b><br><b>March 31, 2013</b> |                         |
|--|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
|  | ₹                                     | ₹                       | ₹                                     | ₹                       |
| <b>Provision For Employee Benefits:</b>                    |                                       |                         |                                       |                         |
| Provision for Gratuity (Refer Note no. 30 (B))             | 4,286,707                             |                         | 4,593,362                             |                         |
| Provision for Compensated Absences (Refer Note no. 30 (B)) | 281,854                               | 4,568,561               | 237,400                               | 4,830,762               |
|  |                                       | <u><b>4,568,561</b></u> |                                       | <u><b>4,830,762</b></u> |

### 5 Short Term Borrowings

|  | <b>As at</b><br><b>March 31, 2014</b> |                             | <b>As at</b><br><b>March 31, 2013</b> |                             |
|--|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
|  | ₹                                     | ₹                           | ₹                                     | ₹                           |
| <b>Secured:</b>                            |                                       |                             |                                       |                             |
| <b>Loan Repayable on demand from Banks</b> |                                       |                             |                                       |                             |
| Pre-shipment Credit                        | 571,901,823                           |                             | 537,896,643                           |                             |
| Post-shipment Credit                       | 994,654,526                           |                             | 907,014,418                           |                             |
|  |                                       | <u><b>1,566,556,349</b></u> |                                       | <u><b>1,444,911,061</b></u> |
|  |                                       | <u><b>1,566,556,349</b></u> |                                       | <u><b>1,444,911,061</b></u> |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### A Nature of Security

Credit Facilities are secured by:

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

- B Company has defaulted in repayment of dues to banks amounting to ₹ 617.70 lacs being the amount of overdue bills crystallized by banks to the tune of ₹ 363.56 Lacs and ₹ 254.14 lacs (*though, fully repaid during FY 2014-15*) in the month of January and March, 2014 respectively. The interest amounting to ₹ 51.86 lacs remained unpaid from the Jan 14 to Feb 14.

### 6 Trade Payables

|                  | <b>As at<br/>March 31, 2014</b> | <b>As at<br/>March 31, 2013</b> |
|------------------|---------------------------------|---------------------------------|
|                  | ₹                               | ₹                               |
| Sundry Creditors | 2,040,421,005                   | 1,242,082,056                   |
|                  | <b><u>2,040,421,005</u></b>     | <b><u>1,242,082,056</u></b>     |

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.

### 7 Other Current Liabilities

|  | <b>As at<br/>March 31, 2014</b> | <b>As at<br/>March 31, 2013</b> |
|--|---------------------------------|---------------------------------|
|  | ₹                               | ₹                               |
| Interest accrued but not due on borrowing            | 16,563,705                      | 231,885                         |
| Unclaimed Dividend*                                  | 89,671                          | 89,771                          |
| Employee benefit payables                            | 1,544,100                       | 2,654,794                       |
| Statutory Dues( including PF,TDS etc.)               | (650,631)                       | 1,013,615                       |
| Creditor for Capital goods                           | 1,115,000                       | 1,115,000                       |
| Due to director's in current account                 | 5,383,604                       | 773,933                         |
| Other Payables# (Refer related Party Note no. 31(B)) | 41,689,528                      | 10,958,775                      |
|  | <b><u>65,744,977</u></b>        | <b><u>16,837,773</u></b>        |

\* Investor Education and Protection Fund to be credited by the amount as and when required.

# Includes ₹ 6,39,900 (Previous year ₹ "NIL") liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 8 Short Term Provisions

|  | As at<br>March 31, 2014 |                   | As at<br>March 31, 2013 |                   |
|--|-------------------------|-------------------|-------------------------|-------------------|
|  | ₹                       | ₹                 | ₹                       | ₹                 |
| <b>Provision for employee benefits:</b>                    |                         |                   |                         |                   |
| Provision for Gratuity (Refer Note no. 30 (B))             | 4,402,599               |                   | 4,095,944               |                   |
| Provision for Compensated Absences (Refer Note no. 30 (B)) | 54,916                  | 4,457,515         | 99,370                  | 4,195,314         |
| Proposed Dividend  |                         | -                 |                         | 31,700,000        |
| Tax on Proposed Dividend                                   |                         | 5,387,415         |                         | 5,387,415         |
| Provision for Taxation (Net of Advance Tax)                |                         | 20,609,585        |                         | 23,514,423        |
|  |                         | <b>30,454,515</b> |                         | <b>64,797,152</b> |

### 9 Fixed Assets

| Sr. No.                            | Particulars                       | GROSS BLOCK        |                            |                            |                        | DEPRECIATION      |                            |                     |                       | NET BLOCK          |                    |
|------------------------------------|-----------------------------------|--------------------|----------------------------|----------------------------|------------------------|-------------------|----------------------------|---------------------|-----------------------|--------------------|--------------------|
|                                    |                                   | As on 01.04.2013   | Addition during the period | Deductions during the year | Total as on 31.03.2014 | Upto 01.04.2013   | Provided during the period | Adj. for deductions | Total upto 31.03.2014 | As on 31.03.2014   | As on 31.03.2013   |
| <b>A. Tangible Assets</b>          |                                   |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
| 1                                  | Leasehold Factory land            | 2,736,000          | -                          | -                          | 2,736,000              | 1,322,400         | 182,400                    | -                   | 1,504,800             | 1,231,200          | 1,413,600          |
| 2                                  | Leasehold land                    | 66,841,421         | -                          | -                          | 66,841,421             | 2,228,047         | 2,228,046                  | -                   | 4,456,093             | 62,385,328         | 64,613,374         |
| 3                                  | Buildings                         | 70,926,760         | -                          | 2,912,379                  | 68,014,381             | 28,577,505        | 2,993,847                  | 249,847             | 31,321,505            | 36,692,876         | 42,349,255         |
| 4                                  | Plant & Machinery                 | 15,330,092         | -                          | -                          | 15,330,092             | 6,920,207         | 1,169,815                  | -                   | 8,090,022             | 7,240,070          | 8,409,886          |
| 5                                  | Electric Installation             | 2,286,599          | -                          | -                          | 2,286,599              | 1,098,962         | 165,200                    | -                   | 1,264,163             | 1,022,436          | 1,187,636          |
| 6                                  | Furniture & Fixtures              | 12,659,829         | -                          | 10,963,961                 | 1,695,868              | 7,679,323         | 901,470                    | 7,532,009           | 1,048,784             | 647,083            | 4,980,506          |
| 7                                  | Office Equipment                  | 6,109,084          | 43,000                     | -                          | 6,152,084              | 2,401,237         | 521,415                    | -                   | 2,922,651             | 3,229,432          | 3,707,847          |
| 8                                  | Vehicle                           | 11,280,229         | -                          | -                          | 11,280,229             | 9,470,445         | 468,553                    | -                   | 9,938,999             | 1,341,226          | 1,809,780          |
| 9                                  | Computers                         | 7,337,800          | -                          | -                          | 7,337,800              | 5,105,653         | 892,859                    | -                   | 5,998,512             | 1,339,288          | 2,232,147          |
| 10                                 | Improvement on Leasehold Premises | 14,613,893         | -                          | -                          | 14,613,893             | 14,071,456        | 542,437                    | -                   | 14,613,893            | -                  | 542,437            |
| <b>B. Intangible Assets</b>        |                                   |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
| 1                                  | Computer Software                 | 863,910            | -                          | -                          | 863,910                | 854,699           | 9,211                      | -                   | 863,910               | -                  | 9,211              |
| <b>C. Capital Work in Progress</b> |                                   |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
|                                    |                                   | -                  | -                          | -                          | -                      | -                 | -                          | -                   | -                     | -                  | -                  |
|                                    | <b>Total</b>                      | <b>210,985,617</b> | <b>43,000</b>              | <b>13,876,340</b>          | <b>197,152,277</b>     | <b>79,729,935</b> | <b>10,075,255</b>          | <b>7,781,856</b>    | <b>82,023,332</b>     | <b>115,128,940</b> | <b>131,255,679</b> |
|                                    | <b>Total for Previous year</b>    | <b>208,070,077</b> | <b>69,756,961</b>          | <b>66,841,421</b>          | <b>210,985,617</b>     | <b>67,686,158</b> | <b>12,043,781</b>          | <b>-</b>            | <b>79,729,938</b>     | <b>131,255,679</b> | <b>140,383,917</b> |

Notes:

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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 10 Non Current Investment

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

|  | Gross Amount     |                  | Diminution in Value of Investment |            | Net Amount       |                  |
|--|------------------|------------------|-----------------------------------|------------|------------------|------------------|
|  | 31.03.2014       | 31.03.2013       | 31.03.2014                        | 31.03.2013 | 31.03.2014       | 31.03.2013       |
| <b>a. Trade Investment (Unquoted)</b>  |                  |                  |                                   |            |                  |                  |
| <b>1 Investment in Equity Instruments</b>  |                  |                  |                                   |            |                  |                  |
| Investment in Subsidiary (Fully Paid up) :   |                  |                  |                                   |            |                  |                  |
| A) Share of 9500 roubles being 95% of the issued Capital of M.B. Diamonds LLC..                | 203,190          | 203,190          | -                                 | -          | 203,190          | 203,190          |
| B) 50 share of AED 1000 each being 100% of the issued Capital of Goenka Diamond & Jewels DMCC. | 744,414          | 744,414          | -                                 | -          | 744,414          | 744,414          |
| <b>2 Investment in Partnership Firm</b>  |                  |                  |                                   |            |                  |                  |
| Solitaire Diamonds Exports   | 1,000,000        | 1,000,000        | -                                 | -          | 1,000,000        | 1,000,000        |
| <b>Total</b>   | <b>1,947,604</b> | <b>1,947,604</b> | <b>-</b>                          | <b>-</b>   | <b>1,947,604</b> | <b>1,947,604</b> |
| <b>b. Details of Investment in Partnership Firm</b>  |                  |                  |                                   |            |                  |                  |
| <b>Name of the Partners</b>  |                  |                  | <b>Share (%)</b>                  |            |                  | <b>Capital</b>   |
| M/s Goenka Diamond & Jewels Ltd  |                  |                  | 99%                               |            |                  | 1,000,000        |
| Mr. Arjunlal Sharma  |                  |                  | 1%                                |            |                  | 10,000           |
| <b>Total</b>   |                  |                  | <b>100%</b>                       |            |                  | <b>1,010,000</b> |
| <b>c. Notes:-</b>  |                  |                  |                                   |            |                  |                  |
| 1. Aggregate amount of Quoted Investment   |                  |                  |                                   |            | -                | -                |
| 2. Market value of Quoted Investment   |                  |                  |                                   |            | -                | -                |
| 3. Aggregate amount of Non Quoted Investment   |                  |                  |                                   |            | 1,947,604        | 1,947,604        |
| 4. Aggregate amount of provision for diminution in value of Investment                         |                  |                  |                                   |            | -                | -                |

### 11 Deferred Tax Assets

|   | As at<br>March 31, 2014 |                   | As at<br>March 31, 2013 |                  |
|---|-------------------------|-------------------|-------------------------|------------------|
|   | ₹                       | ₹                 | ₹                       | ₹                |
| <b>Deferred Tax Assets</b>                    |                         |                   |                         |                  |
| On account of Gratuity & Compensated Absences | 2,847,130               |                   | 3,067,963               |                  |
| On account of Depreciation                    | 7,520,884               | 10,368,014        | 3,737,152               | 6,805,115        |
|   |                         | <b>10,368,014</b> |                         | <b>6,805,115</b> |

Net deferred tax charge/(credit) for the year of ₹ 169,205 (Previous year ₹ (10,01,268)) has been recognized in the Statement of Profit and Loss for the year.



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

| <b>12 Long Term Loans And Advances</b><br><b>(Unsecured and considered good, unless otherwise stated)</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|---|---------------------------------------|---------------------------------------|
|   | ₹                                     | ₹                                     |
| Capital Advances  | -                                     | 1,100,000                             |
| Loan to Subsidiary  | 117,194,610                           | 106,059,135                           |
| Security Deposits #   | 3,189,412                             | 12,005,652                            |
| MAT Credit Entitlement  | 33,673,535                            | 31,500,000                            |
|   | <u>154,057,557</u>                    | <u>150,664,787</u>                    |

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

### Current Assets

| <b>13 Current Investments</b><br><b>(At lower of Cost or Market Price)</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|--|---------------------------------------|---------------------------------------|
|  | ₹                                     | ₹                                     |
| <b>a. Investment in Bonds (Quoted)</b>                                     | <b>Number</b> <b>Amount</b>           | <b>Number</b> <b>Amount</b>           |
| 8.15% Indian Railway Finance Corporation Limited (IRFCL)                   | -                      -              | 2,175      2,175,000                  |
| 8.20% National Highways Authority of India (NHAI)                          | -                      -              | 2,472      2,472,000                  |
| <b>b. Investment in 12% Optional Convertible Debenture (Unquoted)</b>      |                                       |                                       |
| Gem Gold Mining Pvt. Ltd.  | <u>490,000</u> <u>49,000,000</u>      | <u>490,000</u> <u>49,000,000</u>      |
|  | <u>49,000,000</u>                     | <u>53,647,000</u>                     |
| 1. Aggregate amount of Quoted Investment                                   | -                                     | 4,647,000                             |
| 2. Market value of Quoted Investment                                       | -                                     | 5,028,849                             |
| 3. Aggregate amount of Non Quoted Investment                               | 49,000,000                            | 49,000,000                            |
| 4. Aggregate amount of provision for diminution in value of Investment     | -                                     | -                                     |

| <b>14 Inventories</b><br><b>(Cost or Market Price, whichever is lower)</b><br><b>(As taken, valued and certified by the Management)</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|---|---------------------------------------|---------------------------------------|
|   | ₹                                     | ₹                                     |
| Raw Materials   | 476,705,450                           | 1,002,646,184                         |
| Stock in Process  | -                                     | 82,650,367                            |
| Finished Goods  | 226,044,478                           | 349,216,988                           |
|   | <u>702,749,928</u>                    | <u>1,434,513,539</u>                  |



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 15 Trade Receivables

(Unsecured and considered good unless otherwise stated)

|   | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|---|------------------------------|------------------------------|
| Outstanding for more than Six Months from the date they are due for payments (Refer footnote) | 2,839,105,370                | 375,941,846                  |
| Others  | 2,782,914,468                | 3,430,426,634                |
|   | <b>5,622,019,838</b>         | <b>3,806,368,479</b>         |

In the opinion of the management, trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable, though the recovery has been slow, due to economic slowdown especially in diamond sector and also on account of dispute between promoters, which had temporarily affected the working capital cycle adversely. However, a settlement agreement has been executed between the promoters with help of court mediation on 18th March 2014, post which the management hopes that the company would be able to revive its operations. Nonetheless, the company has directly obtained confirmation from all its overseas Trade receivables and the management is of the opinion that looking at the past record, the Trade Receivables are good and recoverable and therefore no provision is required to be made against these Trade Receivables

### 16 Cash And Bank Balances

|                                  | As at<br>March 31, 2014<br>₹ | As at<br>March 31, 2013<br>₹ |
|----------------------------------|------------------------------|------------------------------|
| <b>Cash and cash equivalents</b> |                              |                              |
| Cash on hand                     | 2,016,773                    | 216,401                      |
| Balance with Banks               | 10,648,518                   | 110,035,697                  |
| <b>Total (A)</b>                 | <b>12,665,290</b>            | <b>110,252,098</b>           |
| <b>Other Bank Balances</b>       |                              |                              |
| (a) Unpaid Dividend Bank Account | 89,671                       | 89,771                       |
| <b>(b) Bank Deposits</b>         |                              |                              |
| Pledged*                         | 19,322,029                   | 18,466,196                   |
| Non Pledged                      | -                            | -                            |
| <b>Total (B)</b>                 | <b>19,411,700</b>            | <b>18,555,967</b>            |
| <b>Total (A+B)</b>               | <b>32,076,990</b>            | <b>128,808,065</b>           |

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



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 17 Short Term Loans And Advances

(Unsecured and considered good unless otherwise stated)

|                                | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|--------------------------------|-------------------------|-------------------------|
|                                | ₹                       | ₹                       |
| Advance To Staff               | 353,517                 | 68,999                  |
| <b>Loans &amp; Advances to</b> |                         |                         |
| -Subsidiary                    | 14,137,434              | 3,736,197               |
| -Partnership Firm              | -                       | -                       |
| Advance To Suppliers           | 1,618,293               | 40,281,268              |
| Prepaid Expenses               | 7,432,320               | 7,816,249               |
| Balances with Tax Authorities  | 795,625                 | 1,879,394               |
| <b>Others</b>                  |                         |                         |
| -Considered Good #             | 1,000                   | 181,114                 |
| -Considered Doubtful           | -                       | 835,000                 |
|                                | 1,000                   | 1,016,114               |
| Less - Provided for            | -                       | 835,000                 |
|                                | 1,000                   | 181,114                 |
|                                | <b>24,338,189</b>       | <b>53,963,221</b>       |

# Includes ₹ "NIL" (P/Y ₹ 180,114/-) given as advance to an enterprise in which directors are interested.

### 18 Other Current Assets

|   | As at<br>March 31, 2014 | As at<br>March 31, 2013 |
|---|-------------------------|-------------------------|
|   | ₹                       | ₹                       |
| Interest Accrued on deposits / debentures | 9,715,898               | 4,671,255               |
| Others                                    | 2,834,849               | 57,985                  |
|   | <b>12,550,747</b>       | <b>4,729,240</b>        |

### 19 Revenue From Operations

|  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
| <b>Sale of Products:</b>                       |                              |                              |
| Export Sales                                   | 3,274,236,512                | 5,002,377,603                |
| Domestic Sales                                 | 475,313,505                  | 7,281,659,222                |
| Share of Profit / (Loss) from Partnership Firm | (1,173,091)                  | 11,602,895                   |
|  | <b>3,748,376,926</b>         | <b>7,293,262,117</b>         |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 20 Other Income

|                                | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--------------------------------|------------------------------|------------------------------|
|                                | ₹                            | ₹                            |
| Interest                       | 16,131,186                   | 9,893,440                    |
| Income from Investments        | 89,299                       | 9,062,238                    |
| Liability No Longer required   | 2,664                        | 208,523                      |
| Forward Contract Premium       | 1,255,999                    | -                            |
| Other Income                   | 128,809                      | 53,053                       |
| Profit on Sale of Fixed Assets | 6,737,469                    | -                            |
| Exchange Fluctuation (Net)     | 60,474,538                   | 127,220,559                  |
|                                | <u>84,819,964</u>            | <u>146,437,813</u>           |

### 21 Cost Of Material Consumed

|  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
| <b>Materials Consumed</b>                        |                              |                              |
| Opening Raw Material / Material-in-process       | 1,085,296,551                | 991,892,331                  |
| Add: Purchases                                   | 2,892,735,622                | 6,977,202,701                |
|  | <u>3,978,032,174</u>         | <u>7,969,095,032</u>         |
| Less: Closing Raw Material / Material-in-process | 476,705,450                  | 1,085,296,551                |
|  | <u>3,501,326,724</u>         | <u>6,883,798,481</u>         |
| <b>Broad Heads for Materials Consumed</b>        |                              |                              |
| Gold & Alloy                                     | 283,757                      | 40,808,478                   |
| Cut & Polish Diamonds and Colour Stones          | 3,501,042,967                | 6,842,990,003                |
|  | <u>3,501,326,724</u>         | <u>6,883,798,481</u>         |

### 22 Purchases Of Stock-In-Trade

|                             | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|-----------------------------|------------------------------|------------------------------|
|                             | ₹                            | ₹                            |
| Purchases of Finished Goods | -                            | 27,894,831                   |
|                             | <u>-</u>                     | <u>27,894,831</u>            |

### 23 Changes In Stock-In-Trade

| Decrease/(Increase) of Stock-in-Trade consists of | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---|------------------------------|------------------------------|
|   | ₹                            | ₹                            |
| Opening Stocks                                    |                              |                              |
| Finished Goods                                    | 349,216,988                  | 442,470,540                  |
|   | <u>349,216,988</u>           | <u>442,470,540</u>           |
| Less: Closing Stocks                              |                              |                              |
| Finished Goods                                    | 226,044,478                  | 349,216,988                  |
|   | <u>226,044,478</u>           | <u>349,216,988</u>           |
|   | <u>123,172,510</u>           | <u>93,253,552</u>            |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 24 Employees Benefit Expense

|  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
| Salaries, Wages, Bonus etc.                | 22,189,133                   | 28,707,148                   |
| Contributions to Provident and Other Funds | 1,101,490                    | 2,141,255                    |
| Staff Welfare Expenses                     | 458,866                      | 630,365                      |
|  | <b>23,749,489</b>            | <b>31,478,768</b>            |

### 25 Financial Cost

|                                 | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---------------------------------|------------------------------|------------------------------|
|                                 | ₹                            | ₹                            |
| <b>Interest</b>                 |                              |                              |
| - On Working Capital Facilities | 87,891,785                   | 72,559,532                   |
| - Other Finance Charges         | 34,915,924                   | 28,831,642                   |
|                                 | <b>122,807,709</b>           | <b>101,391,174</b>           |

### 26 Other Expenses

#### a. Manufacturing Expenses

|                              | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|------------------------------|------------------------------|------------------------------|
|                              | ₹                            | ₹                            |
| Electricity & Water expenses | 107,284                      | 213,521                      |
| Factory Rent                 | 1,337,115                    | 1,614,385                    |
| Misc Factory Expenses        | 338,336                      | 1,502,273                    |
| Factory Repair & Maintenance | 159,392                      | 147,777                      |
| <b>Total (A)</b>             | <b>1,942,127</b>             | <b>3,477,956</b>             |

#### b. Administrative & Selling Expenses

|                                      | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--------------------------------------|------------------------------|------------------------------|
|                                      | ₹                            | ₹                            |
| Rent, Rates and Taxes                | 5,841,078                    | 9,493,923                    |
| Water & Electricity                  | 1,658,954                    | 1,879,112                    |
| Insurance                            | 1,425,850                    | 1,430,950                    |
| Travelling and Conveyance            | 6,330,127                    | 8,171,981                    |
| Legal and Professional               | 4,329,512                    | 4,828,215                    |
| Postage and Telephone                | 1,216,088                    | 1,596,540                    |
| Printing and Stationery              | 391,181                      | 657,242                      |
| Advertisement and Business Promotion | 4,608,371                    | 7,785,763                    |
| Brokerage and Commission             | 407,830                      | 470,922                      |
| Director's Remuneration              | 5,880,000                    | 15,600,000                   |
| Director's Sitting Fees              | 443,822                      | 483,148                      |
| Misc. Expenses                       | 7,290,562                    | 2,733,753                    |
| Vehicle Running & Maintenance        | 613,718                      | 662,140                      |
| Repair & Maintenance                 | 382,616                      | 1,524,568                    |
| Export and Selling Expenses          | 1,651,673                    | 2,647,573                    |
| Diamond Certification Charges        | 309,262                      | 2,112,876                    |
| Exhibition Expenses                  | 9,622                        | 2,621,180                    |
| <b>Auditors' Remuneration</b>        |                              |                              |
| - Statutory Audit Fees               | 983,150                      | 898,880                      |
| - Taxation Matters                   | 147,089                      | 53,371                       |
| - for Other services                 | 168,540                      | 331,555                      |
| - Reimbursement of Expenses          | 115,826                      | 17,966                       |
|                                      | <b>1,414,605</b>             | <b>1,301,772</b>             |
| <b>Total (B)</b>                     | <b>44,204,871</b>            | <b>66,001,658</b>            |

|                      |                    |                   |                   |
|----------------------|--------------------|-------------------|-------------------|
| Total Other Expenses | <b>Total (A+B)</b> | <b>46,146,998</b> | <b>69,479,614</b> |
|----------------------|--------------------|-------------------|-------------------|

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

|   | Year ended<br>March 31, 2014 |                      | Year ended<br>March 31, 2013 |                      |
|---|------------------------------|----------------------|------------------------------|----------------------|
|   | %                            | ₹                    | %                            | ₹                    |
| <b>27 Value and % of Material Consumption</b> |                              |                      |                              |                      |
| <b>Raw Materials and Components:</b>          |                              |                      |                              |                      |
| Imported                                      | 84%                          | 2,957,243,784        | 64%                          | 4,382,755,108        |
| Indigenous                                    | 16%                          | 544,082,940          | 36%                          | 2,501,043,373        |
|   | <b>100%</b>                  | <b>3,501,326,724</b> | <b>100%</b>                  | <b>6,883,798,481</b> |

|  | Year ended<br>March 31, 2014 |   | Year ended<br>March 31, 2013 |   |
|--|------------------------------|---|------------------------------|---|
|  |                              | ₹ |                              | ₹ |

|   |  |               |  |               |
|---|--|---------------|--|---------------|
| <b>28 Expenditure in Foreign Currency</b> |  |               |  |               |
| a Travelling                              |  | -             |  | 492,789       |
| b Other                                   |  | -             |  | -             |
| c Import of goods in C.I.F. value         |  | 2,396,553,735 |  | 4,594,379,639 |

|  |  |               |  |               |
|--|--|---------------|--|---------------|
| <b>29 Earnings in Foreign Currency (Accrual basis)</b> |  |               |  |               |
| Export of goods calculated on F.O.B. basis             |  | 3,273,126,772 |  | 5,000,721,896 |
| Interest   |  | 8,203,623     |  | 168,041       |

**30 The Company has classified various benefits provided to employees as under:****A. Defined Contribution Plans**

- Provident Fund
- State Defined Contribution Plan
- Employers' Contribution to Employees' State Insurance

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

| Particulars  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
| Employer's contribution to Provident Fund                  | 759,441                      | 1,683,435                    |
| Employer's contribution to Employees State Insurance       | 338,803                      | 454,238                      |
| Employer's Contribution to Maharashtra Labour Welfare Fund | 3,246                        | 3,582                        |

**B. Defined Benefit Plans**

- 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:

|   | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---|------------------------------|------------------------------|
|   | ₹                            | ₹                            |
|   | <b>Gratuity</b>              | <b>Gratuity</b>              |
| Discount Rate (per annum)                           | 9.10%                        | 8.10%                        |
| Rate of increase in compensation levels (per annum) | 7.00%                        | 7.00%                        |
| Mortality   | LIC (1994-96)                | LIC (1994-96)                |
| Rate of return on Plan Assets (for Funded Scheme)   | Nil (Non-Funded)             | Nil (Non-Funded)             |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

|  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
|  | <b>Gratuity</b>              | <b>Gratuity</b>              |
| Present value of defined benefit obligation as at beginning of the year      | 8,689,306                    | 6,910,660                    |
| Interest cost  | 703,834                      | 587,406                      |
| Past Service cost  | -                            | -                            |
| Current service cost   | 589,254                      | 817,773                      |
| Benefits paid  | -                            | -                            |
| Actuarial (gain) / loss on obligations                                       | (1,921,807)                  | 373,467                      |
| <b>Present value of defined benefit obligation as at the end of the year</b> | <b>8,060,587</b>             | <b>8,689,306</b>             |

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

| Particulars  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
|  | <b>Gratuity</b>              | <b>Gratuity</b>              |
| Present value of unfunded obligation as at end of the year | 8,060,587                    | 8,689,306                    |
| 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        | 8,060,587                    | 8,689,306                    |
| Shown as   |                              |                              |
| Non-Current Provision (refer note no. 4)                   | 4,286,707                    | 4,593,362                    |
| Current Provision (refer note no. 8 & (c) below)           | 3,773,880                    | 4,095,944                    |

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

|  | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--|------------------------------|------------------------------|
|  | ₹                            | ₹                            |
|  | <b>Gratuity</b>              | <b>Gratuity</b>              |
| Current service cost   | 589,254                      | 817,773                      |
| Past service cost  | ---                          | ---                          |
| Interest cost  | 703,834                      | 587,406                      |
| Expected Return on Plan Assets   | ---                          | ---                          |
| Net Actuarial (gain) / Loss recognised in the period                                 | (1,921,807)                  | 373,467                      |
| Total Expenses recognised in the Statement of Profit and Loss * (refer Note C below) | (628,719)                    | 1,778,646                    |

#### 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. ₹ 164,254)

| Particulars   | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|---|------------------------------|------------------------------|
|   | ₹                            | ₹                            |
|   | <b>Compensated Absences</b>  | <b>Compensated Absences</b>  |
| Unfunded obligation recognised in the Balance Sheet | 336,770                      | 336,770                      |
| Shown as  |                              |                              |
| Non-Current Provision (refer note no. 4)            | 281,854                      | 237,400                      |
| Current Provision (refer note no. 8 & (c) below)    | 54,916                       | 99,370                       |

- c Based on the Actuarial valuation by Independent Actuary, there is decrease in gratuity obligation by ₹ 6,28,719/- as at March 31, 2014. 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, 2014**

**31 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. Goenka Diamond & Jewels SDN BHD
23. Shobhagya Capital Options Limited
24. Shobhagya Securities Limited

**Key Management Personnel (KMP):**

1. Sh Nandlal Goenka
2. Sh Navneet Goenka
3. Sh Nitin Goenka

**Relative of Key Management Personnel**

1. Smt. Namita Jain (Daughter of Sh Nandlal Goenka)
2. Smt. Neeta Saraf (Daughter of Sh Nandlal Goenka)
3. Smt. Nirmala Goenka (Wife of Sh Nandlal Goenka)
4. Smt. Bhawna Goenka (Wife of Sh Navneet Goenka)
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, 2014

### B. Related Party Transactions

| Nature of Transactions |  | Subsidiary  |             | Key Managerial Personnel |           | Relative of Key Managerial Personnel / Associates / Others |            |
|------------------------|--|-------------|-------------|--------------------------|-----------|--|------------|
|                        |  | 2013-14     | 2012-13     | 2013-14                  | 2012-13   | 2013-14  | 2012-13    |
| a.                     | Purchases of Goods                       | 3,880,380   | 19,590,969  | -                        | -         | -  | -          |
| b.                     | Rent Paid                                |             |             |                          |           |  |            |
|                        | 1. Nandlal Goenka                        | -           | -           | 990,000                  | 990,000   | -  | -          |
|                        | 2. Navneet Goenka                        | -           | -           | -                        | -         | -  | -          |
|                        | 3. Nitin Goenka                          | -           | -           | 600,000                  | 900,000   | -  | -          |
|                        | 4. Bhawna Goenka                         | -           | -           | -                        | -         | 300,000  | 300,000    |
|                        | 5. Nirmala Goenka                        | -           | -           | -                        | -         | 300,000  | 300,000    |
| c.                     | Remuneration #                           |             |             |                          |           |  |            |
|                        | 1. Nandlal Goenka                        | -           | -           | 600,000                  | 6,000,000 | -  | -          |
|                        | 2. Navneet Goenka                        | -           | -           | 480,000                  | 4,800,000 | -  | -          |
|                        | 3. Nitin Goenka                          | -           | -           | 4,800,000                | 4,800,000 | -  | -          |
| d.                     | Perquisites                              |             |             |                          |           |  |            |
|                        | 1. Navneet Goenka                        | -           | -           | 687,600                  | 687,600   | -  | -          |
|                        | 2. Others                                | -           | -           | 79,200                   | 79,200    | -  | -          |
| e.                     | Dividend Paid                            |             |             |                          |           |  |            |
|                        | 1. Nandlal Goenka                        | -           | -           | 9,855,000                | 9,855,000 | -  | -          |
|                        | 2. Navneet Goenka                        | -           | -           | 3,915,375                | 3,915,375 | -  | -          |
|                        | 3. Nitin Goenka                          | -           | -           | 4,097,625                | 4,097,625 | -  | -          |
|                        | 4. Others                                | -           | -           | -                        | -         | 4,474,800  | 4,474,800  |
| f.                     | Interest Received                        | 8,203,623   | 168,041     | -                        | -         | 5,880,000  | 3,882,411  |
| g.                     | Share of Profit from Partnership Firm    |             |             |                          |           | (1,173,091)  | 11,602,895 |
| (ii)                   | Balances as at 31.03.14                  |             |             |                          |           |  |            |
| 1.                     | Advances                                 | 132,909,914 | 118,648,069 | -                        | -         | -  | 180,114    |
| 2.                     | 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     |
| 3.                     | Credit Balance of following parties      |             |             |                          |           |  |            |
|                        | i. Nandlal Goenka                        | -           | -           | 615,125                  | 227,974   | -  | -          |
|                        | ii. Navneet Goenka                       | -           | -           | -                        | 44,223    | -  | -          |
|                        | iii. Nitin Goenka                        | -           | -           | 4,778,479                | 501,736   | -  | -          |
|                        | iv. Bhawna Goenka                        | -           | -           | -                        | -         | 45,800   | 152,500    |
|                        | v. Nirmala Goenka                        | -           | -           | -                        | -         | 225,000  | 152,500    |
| 4.                     | Investment in Subsidiaries               | 947,604     | 947,604     | -                        | -         | -  | -          |
| 5.                     | Investment in Others                     |             |             |                          |           |  |            |
|                        | i. Gem Gold Mining Pvt. Ltd.             | -           | -           | -                        | -         | 49,000,000   | 49,000,000 |
|                        | ii. Solitaire Diamond Exports            | -           | -           | -                        | -         | 1,000,000  | 1,000,000  |
| 6.                     | Balance in Current A/c- Partnership Firm | -           | -           | -                        | -         | (31,593,052)   | (349,961)  |

# 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, 2014

- 32 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                     | 51,672,000           |
| 2       | Establishment of CERES Stores                      | 21,302,000           |
| 3       | Working capital requirement for jewellery business | 845,996,000          |
| 4       | Establishment of jewellery manufacturing facility  | 38,436,000           |
| 5       | Establishment of diamond processing facility       | 32,923,000           |
| 6       | Investment in our Subsidiary                       | 250,000,000          |
| 7       | General corporate purposes                         | -                    |
|         | <b>Total</b>                                       | <b>1,240,329,000</b> |

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

| Amount Received from IPO |   | 1,265,085,000        | 1,265,085,000        | 1,265,085,000        |
|--------------------------|---|----------------------|----------------------|----------------------|
| S. No.                   | Particulars of proposed reallocated expenditure   | Proposed             | Actual               | Actual               |
|                          |   |                      | March 31, 2014       | March 31, 2013       |
| 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 | 114,384,000          | 114,384,000          | 114,384,000          |
| 2                        | Funding to subsidiaries and such entities by way of equity, capital, Loans and Advances or in any other manner  | 200,000,000          | 181,093,707          | 173,369,957          |
| 3                        | Working Capital Requirement for business  | 845,996,000          | 845,996,000          | 845,996,000          |
| 4                        | General Corporate Purposes  | 21,837,000           | 21,837,000           | 21,837,000           |
| 5                        | Issue Expenses  | 82,868,000           | 82,868,000           | 82,868,000           |
|                          | <b>Total</b>  | <b>1,265,085,000</b> | <b>1,246,178,707</b> | <b>1,238,454,957</b> |
|                          | <b>Unutilized Amount Represented by</b>   |                      |                      |                      |
|                          | Investments in Mutual Funds & Govt. Bonds   |                      | -                    | 4,647,000            |
|                          | Bank Balance / ICD  |                      | 18,906,293           | 21,983,043           |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

| 33 | Earnings Per Share (EPS) #   | Year ended<br>March 31, 2014         | Year ended<br>March 31, 2013         |
|----|--|--------------------------------------|--------------------------------------|
|    |  | ₹                                    | ₹                                    |
| a. | <b>Profit after Tax (₹)</b>  | <b>6,112,999</b>                     | <b>212,077,891</b>                   |
|    | - Before Exceptional Item  | 6,112,999                            | 212,077,891                          |
|    | - After Exceptional Item   | 6,112,999                            | 212,077,891                          |
| b. | Dividend on Preference Shares (₹)  | -                                    | -                                    |
| c. | <b>Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)</b>  | <b>6,112,999</b>                     | <b>212,077,891</b>                   |
| 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)   | 317,000,000                          | 317,000,000                          |
| 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)   | 317,000,000                          | 317,000,000                          |
| f. | <b>Basic Earnings Per Share</b>  |                                      |                                      |
|    | - Before Exceptional Item  | 0.02                                 | 0.67                                 |
|    | - After Exceptional Item   | 0.02                                 | 0.67                                 |
| g. | <b>Diluted Earnings Per Share</b>  |                                      |                                      |
|    | - Before Exceptional Item  | 0.02                                 | 0.67                                 |
|    | - After Exceptional Item   | 0.02                                 | 0.67                                 |
| 34 | <b>Contingent Liabilities &amp; Commitments</b>  | <b>Year ended<br/>March 31, 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|    | <b>Capital Commitment:</b>   | ₹                                    | ₹                                    |
|    | Estimated amount of contracts remaining to be Executed and not provided for  | 5,618,000                            | 5,618,000                            |
|    | <b>Contingent Liabilities</b>  |                                      |                                      |
|    | <b>(a) Claims against the Company not acknowledged as debts</b>  |                                      |                                      |
|    | i) There are certain disputed tax demands amounting to ₹ 40.93 crores raised by Income Tax Authorities for AY 2009-10, AY 2010-11 & AY 2011-12, mainly relating to allowability of tax exemption u/sec. 10AA of the Income Tax Act 1961, in respect of which the company has filed appeal before appropriate forum (CIT (A) / ITAT). However, the company has already got favorable order from ITAT on the same issue for AY 2008-09. Hence it is confident that for other assessment years also, the company would be able to get favorable orders. |                                      |                                      |
|    | ii) Service Tax matter (Appeal filed by company)   | ₹ 622,540                            | -                                    |
|    | b) During the financial year 2013-2014, independent directors and one of the joint statutory auditors resigned and therefore there was inadvertent delay in compliance of listing agreement and certain provisions of the Companies Act. Any fees, penalty or other financial obligations, if any, arising due to such delay in compliances shall be accounted for as and when the same are determined/ finalized by the appropriate authority.  |                                      |                                      |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

- 35 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
- 36 There were disputes amongst promoters which arose during the financial year 2013-2014 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 18th March, 2014. The management is of the opinion that no adjustment is required to be made on account of the above disputes, allegations, legal actions and settlement agreement on the financial statements of the company for the year ended March 31, 2014.

### 37 Disclosure in respect of derivative instruments as at March 31, 2014

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

| Year ended<br>March 31, 2014 |                   | Year ended<br>March 31, 2013 |                   |
|------------------------------|-------------------|------------------------------|-------------------|
| Type Of Currency             | Value of Contract | Type Of Currency             | Value of Contract |
| USD / INR                    | USD 500,000       | USD / INR                    | NIL               |

Number of Contracts Outstanding "01" (Previous year "NIL" )

- b) No derivative instruments are acquired for trading or speculation purposes.
- c) Foreign Currency Exposures that are not hedged by derivative instruments or otherwise as at reporting date are as below:

| Particular                         | Amount in INR  |                | In Foreign Currency in USD |                |
|------------------------------------|----------------|----------------|----------------------------|----------------|
|                                    | March 31, 2014 | March 31, 2013 | March 31, 2014             | March 31, 2013 |
| Trade Recievable                   | 5,609,045,476  | 3,797,634,355  | 93,328,854.28              | 69,823,188.66  |
| Trade Payable                      | 2,031,721,310  | 1,163,070,262  | 33,805,791.54              | 21,384,174.13  |
| Receivable from Subsidiary Company | 5,740,553      | 3,561,303      | 95,517.00                  | 65,478.00      |
| EBRD & PCFC Loan                   | 1,194,203,576  | 1,351,311,051  | 19,870,341.93              | 24,845,163.49  |
| Bank Current Account               | 71,159         | 64,398         | 1,184.01                   | 1,184.01       |
| Loan to Subsidiary Company         | 117,194,610    | 106,059,135    | 1,950,000                  | 1,950,000      |

### 38 Segment Reporting

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



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### A) Primary Segment : Business Segment

| Particulars                         | As at March 31, 2014 |                    |                        |                      | As at March 31, 2013 |                    |                    |                      |
|-------------------------------------|----------------------|--------------------|------------------------|----------------------|----------------------|--------------------|--------------------|----------------------|
|                                     | Diamond & Gems       | Jewellery          | Unallocable            | Total                | Diamond & Gems       | Jewellery          | Unallocable        | Total                |
| <b>Primary Segment (by Product)</b> |                      |                    |                        |                      |                      |                    |                    |                      |
| <b>Revenue</b>                      |                      |                    |                        |                      |                      |                    |                    |                      |
| Segment Revenue                     | 3,346,315,236        | 402,061,690        | -                      | <b>3,748,376,926</b> | 5,178,790,939        | 2,114,471,178      | -                  | <b>7,293,262,117</b> |
| <b>Results</b>                      |                      |                    |                        |                      |                      |                    |                    |                      |
| Segment Results                     | 138,297,583          | 1,163,187          | -                      | <b>139,460,770</b>   | 322,063,310          | 22,250,365         | -                  | <b>344,313,675</b>   |
| <b>Operating Profit</b>             |                      |                    |                        | <b>139,460,770</b>   |                      |                    |                    | <b>344,313,675</b>   |
| Other Income                        |                      |                    |                        | 16,351,958           |                      |                    |                    | 19,266,526           |
| Unallocable Expenses                |                      |                    |                        | (27,141,147)         |                      |                    |                    | (41,829,296)         |
| Interest Expenses                   |                      |                    |                        | (122,753,374)        |                      |                    |                    | (101,391,174)        |
| <b>Net Profit Before Tax.</b>       |                      |                    |                        | <b>5,918,206</b>     |                      |                    |                    | <b>220,359,730</b>   |
| Segment Assets                      | 5,541,834,019        | 942,728,404        | 239,675,384            | <b>6,724,237,807</b> | 4,553,628,555        | 995,469,544        | 223,604,632        | <b>5,772,702,731</b> |
| Segment Liabilities                 | 2,087,496,128        | 3,059,539          | 1,617,189,740          | <b>3,707,745,407</b> | 2,623,386,987        | 76,459,524         | 73,612,292         | <b>2,773,458,803</b> |
| <b>Net Capital Employed</b>         | <b>3,454,337,891</b> | <b>939,668,865</b> | <b>(1,377,514,355)</b> | <b>3,016,492,401</b> | <b>1,930,241,568</b> | <b>919,010,020</b> | <b>149,992,340</b> | <b>2,999,243,928</b> |
| Capital Expenditure                 | -                    | -                  | -                      | -                    | 225,720              | 69,531,240         | -                  | 69,756,960           |
| Depreciation & Amortization         | 5,640,572            | 3,742,840          | 691,843                | 10,075,255           | 6,918,923            | 4,401,423          | 723,435            | 12,043,781           |

### 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 | 475,313,505   | 3,273,063,421     | 3,748,376,926 | 2,279,281,619 | 5,013,980,498     | <b>7,293,262,117</b> |
| Segments Assets                        | 1,114,724,703 | 5,609,513,104     | 6,724,237,807 | 1,975,068,376 | 3,797,634,352     | <b>5,772,702,728</b> |

### 39 Obligation towards operating Leases

|   | <b>Year ended<br/>March, 31 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Operating Lease Obligation</b>                 | <b>₹</b>                             | <b>₹</b>                             |
| Not Later than one year                           | 1,651,000                            | 5,029,000                            |
| Later than one year but not later than five years | -                                    | 61,000                               |
| Later than five years                             | -                                    | -                                    |
| <b>Total</b>                                      | <b>1,651,000</b>                     | <b>5,090,000</b>                     |

### 40 Advances to Subsidiary / Partnership Firm

| Particular   | Maximun Amount Outstanding |                | Year End Balance |                |
|--|----------------------------|----------------|------------------|----------------|
|  | March 31, 2014             | March 31, 2013 | March 31, 2014   | March 31, 2013 |
| M/s. M B Diamonds LLC ( Subsidiary)                  | 5,740,553                  | 18,060,106     | 5,740,553        | 3,561,302      |
| M/s. Solitaire Diamond Exports ( a Partnership Firm) | NIL                        | 1,506,000      | NIL              | NIL            |
| M/s. Goenka Diamond & Jewels DMCC ( WOS)             | 120,699,150                | 106,059,135    | 117,194,610      | 106,059,135    |



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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****41 Proposed Dividend**

|   | <b>Year ended<br/>March, 31 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|---|--------------------------------------|--------------------------------------|
|   | ₹                                    | ₹                                    |
| On Equity Share of ₹ 1/- each (P/Y ₹ 10/- each) |                                      |                                      |
| Amount of Dividend Proposed                     | -                                    | 31,700,000                           |
| Dividend per Equity Share                       | -                                    | ₹ 0.10/-                             |

**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.

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As per our report of even date attached

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

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

For & On behalf of the Board

**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director  
DIN No. 00164428

Place - Mumbai  
Date - Nov 29, 2014

**KUNDAN TANAWADE**  
Company Secretary

**INDEPENDENT AUDITORS REPORT****ON CONSOLIDATED FINANCIAL STATEMENTS OF GOENKA DIAMOND AND JEWELS LIMITED****To The Board of Directors of Goenka Diamonds & Jewels Limited****Report on the Financial Statements**

We have audited the accompanying Consolidated Financial Statements of Goenka Diamond & Jewels Limited ("the Company") and its Subsidiaries, (collectively referred to as "the Group") which comprise Consolidated Balance Sheet as at 31st March, 2014 and the consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position and financial performance and Cash Flow Statement of the Group in accordance with new schedule VI and the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our Responsibility is to express opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountant of India. Those Standards require that we comply with ethical requirements and plan perform the Audit to obtain reasonable assurance about whether the financial statements are free from material Misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis of Qualified Opinion**

*Refer Note No. 14 (footnote) of Notes on financial statements regarding Trade Receivables of the company amounting to ₹ 562.20 Crore (standalone) which includes considerable amounts outstanding for more than 6 months from due date. As explained therein, the recoveries from these trade receivables have been slow but the same are considered as good and recoverable by the management. These Trade Receivables are subject to confirmation as we have not carried out direct confirmation procedure. The consequential adjustments, if any, arising out of these are not quantifiable.*

**Opinion**

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard (AS) 21, "Consolidated financial statements" as notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and on the basis of the separate financial statements of Goenka Diamond and Jewels Limited and its subsidiaries.

In our opinion and to the best of our information and according to the explanations given to us, except for matter described in Basis of Qualified opinion above and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as mentioned in "Other Matter" paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter****We draw attention to**

- i. Significant Accounting Policies of Inventories wherein the determination of estimated net realizable value and specification identification involves technical judgment of the management which has been relied upon by us.
- ii. Note No. 31 of Notes on Financial statements wherein the management has confirmed that no financial adjustment is required to be made in the financial statements on account of various allegations, counter allegation and legal cases amongst promoters and also on account of dispute amongst promoters and settlement agreement executed thereafter.

Our opinion is not qualified in respect of this matter.

**Other Matter**

We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹113.82 crores as at 31st March, 2014, total revenues of ₹ 21.82 crores and cash Inflows of ₹ (1.0) crores for the year then ended. The financial statements have been audited by other auditors whose report has been furnished to us by the Management, and our opinion on the consolidated financial statement to the extent they are derived from such financial statements is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

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

**Sandeep Mundra**  
Partner  
Membership No. 75482  
**Place: Mumbai**  
**Date : November 29, 2014.**

**For RSVA and Company**  
Chartered Accountants  
FRN No.110504W

**B.N.Rao**  
Partner  
Membership No. 039555  
**Place: Mumbai**  
**Date : November 29, 2014.**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014**

|  | <b>Note</b>   | <b>As at<br/>March 31, 2014<br/>₹</b>  | <b>As at<br/>March 31, 2013<br/>₹</b> |
|--|---|--|---------------------------------------|
| <b><u>EQUITY AND LIABILITIES</u></b>   |   |  |                                       |
| <b>Shareholders' Funds</b>   |   |  |                                       |
| Share Capital  | 2   | 317,000,000  | 317,000,000                           |
| Reserves And Surplus   | 3   | 3,012,190,807  | 2,953,222,214                         |
| Money received against share warrants  |   | -  | -                                     |
|  |   | <b>3,329,190,807</b>   | <b>3,270,222,214</b>                  |
| Minority Interest  |   | 1,078,952  | 1,110,250                             |
| <b>Non-Current Liabilities</b>   |   |  |                                       |
| Long-Term Borrowings   |   | -  | -                                     |
| Long-Term Provisions   | 4   | 4,568,561  | 4,830,762                             |
|  |   | <b>4,568,561</b>   | <b>4,830,762</b>                      |
| <b>Current Liabilities</b>   |   |  |                                       |
| Short-Term Borrowings  | 5   | 1,593,370,496  | 1,446,130,600                         |
| Trade Payables   | 6   | 2,728,731,220  | 2,002,947,069                         |
| Other Current Liabilities  | 7   | 36,775,715   | 17,359,469                            |
| Short-Term Provisions  | 8   | 30,361,712   | 68,764,941                            |
|  |   | <b>4,389,239,143</b>   | <b>3,535,202,079</b>                  |
| <b>Total</b>   |   | <b>7,724,077,463</b>   | <b>6,811,365,305</b>                  |
| <b><u>ASSETS</u></b>   |   |  |                                       |
| <b>Non-Current Assets</b>  |   |  |                                       |
| <b>Fixed Assets</b>  |   |  |                                       |
| Tangible Assets  | 9   | 116,430,609  | 132,603,277                           |
| Intangible Assets  | 9   | 1,528,061  | 1,537,272                             |
| Capital Work-In-Progress   | 9   | -  | -                                     |
| Non-Current Investments  |   | -  | -                                     |
| Deferred Tax Assets  | 10  | 10,368,014   | 6,805,115                             |
| Long-Term Loans and Advances   | 11  | 38,898,174   | 46,639,465                            |
| Other non-current assets   |   | -  | -                                     |
|  |   | <b>167,224,857</b>   | <b>187,585,129</b>                    |
| <b>Current Assets</b>  |   |  |                                       |
| Current Investments  | 12  | 49,000,000   | 53,647,000                            |
| Inventories  | 13  | 1,011,270,917  | 1,634,379,379                         |
| Trade Receivables  | 14  | 6,428,059,198  | 4,729,630,824                         |
| Cash and Bank Balances   | 15  | 33,658,036   | 140,413,466                           |
| Short-Term Loans and Advances  | 16  | 17,862,399   | 55,139,050                            |
| Other Current Assets   | 17  | 17,002,055   | 10,570,457                            |
|  |   | <b>7,556,852,606</b>   | <b>6,623,780,176</b>                  |
| <b>Total</b>   |   | <b>7,724,077,463</b>   | <b>6,811,365,305</b>                  |
| <b>Significant Accounting Policies</b>                                       | <b>1</b>  |  |                                       |
| <b>Other Notes on Financial Statements</b>                                   | <b>26 to 32</b>   |  |                                       |
| As per our report of even date attached                                      |   | For & On behalf of the Board   |                                       |
| For <b>B. KHOSLA &amp; CO.</b><br>Chartered Accountants<br>F.R. No.: 000205C | For <b>RSVA &amp; CO.</b><br>Chartered Accountants<br>F.R. No.: 110504W | <b>NANDLAL GOENKA</b><br>Chairman<br>DIN No. 00125281                          |                                       |
| <b>SANDEEP MUNDRA</b><br>Partner<br>M.No.: 075482                            | <b>B N RAO</b><br>Partner<br>M.No.: 039555                              | <b>NAVNEET GOENKA</b><br>Vice Chairman & Managing Director<br>DIN No. 00164428 |                                       |
| <b>Place : Mumbai</b><br><b>Date : November 29, 2014</b>                     |   | <b>KUNDAN TANAWADE</b><br>Company Secretary                                    |                                       |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

|  | <u>Note No.</u> | <u>Year ended</u><br><u>March 31, 2014</u> | <u>Year ended</u><br><u>March 31, 2013</u> |
|--|-----------------|--|--|
|  |                 | ₹  | ₹  |
| <b>REVENUE</b>   |                 |  |  |
| Revenue From Operations                                | 18              | 3,963,900,206                              | 8,424,883,463                              |
| Other Income   | 19              | 85,652,669                                 | 157,551,424                                |
| <b>Total</b>   |                 | <b>4,049,552,876</b>                       | <b>8,582,434,887</b>                       |
| <b>EXPENSES</b>  |                 |  |  |
| Cost of Materials Consumed                             | 20              | 3,500,223,383                              | 6,877,267,301                              |
| Purchases of Stock-In-Trade                            | 21              | 278,620,478                                | 1,089,689,058                              |
| Changes in Stock-In-Trade                              | 22              | 31,303,837                                 | (93,077,937)                               |
| Employee Benefits Expense                              | 23              | 24,715,656                                 | 32,964,527                                 |
| Finance Costs  | 24              | 124,520,966                                | 101,496,799                                |
| Depreciation and Amortization Expense                  | 9               | 10,130,396                                 | 12,099,780                                 |
| Other Expenses   | 25              | 50,027,659                                 | 77,676,523                                 |
| <b>Total</b>   |                 | <b>4,019,542,376</b>                       | <b>8,098,116,050</b>                       |
| <b>Profit Before Tax</b>                               |                 | <b>30,010,500</b>                          | <b>484,318,836</b>                         |
| <b>Tax Expense:</b>                                    |                 |  |  |
| (1) Current Tax (MAT)                                  |                 | 2,300,000                                  | 40,423,896                                 |
| (2) MAT Credit Entitlement                             |                 | (2,300,000)                                | (31,000,000)                               |
| (3) Earlier Years Tax                                  |                 | 3,368,106                                  | 283,107                                    |
| (4) Deferred Tax Charges/(Credits)                     |                 | (3,562,899)                                | (1,001,268)                                |
|  |                 | <b>(194,793)</b>                           | <b>8,705,735</b>                           |
| <b>Profit Before Minority Interest</b>                 |                 | <b>30,205,293</b>                          | <b>475,613,101</b>                         |
| Minority Interest                                      |                 | 31,299                                     | (133,455)                                  |
| <b>Profit for the Year</b>                             |                 | <b>30,236,592</b>                          | <b>475,479,646</b>                         |
| Earnings Per Share (FV ₹ 1/- Each - Refer Note No. 28) |                 |  |  |
| Basic / Diluted ₹                                      |                 |  |  |
| Before Extra-Ordinary Item                             |                 | 0.10                                       | 1.50                                       |
| After Extra-Ordinary Item                              |                 | 0.10                                       | 1.50                                       |
| <b>Significant Accounting Policies</b>                 | <b>1</b>        |  |  |
| <b>Other Notes on Financial Statements</b>             | <b>26 to 32</b> |  |  |

As per our report of even date attached

For &amp; On behalf of the Board

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

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

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

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

**Place : Mumbai**  
**Date : November 29, 2014**

**NANDLAL GOENKA**  
Chairman  
DIN No. 00125281

**NAVNEET GOENKA**  
Vice Chairman & Managing Director  
DIN No. 00164428

**KUNDAN TANAWADE**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

| PARTICULARS   | Year ended           | Year ended           |
|---|----------------------|----------------------|
|   | March, 31 2014       | March, 31 2013       |
|   | ₹                    | ₹                    |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Net profit before tax and extraordinary items   | 30,010,500           | 484,318,836          |
| <b>Adjustment for</b>   |                      |                      |
| Depreciation  | 10,130,396           | 12,099,780           |
| Unrealised Exchange Difference  | (112,188,318)        | (39,100,773)         |
| Foreign Currency Translation Reserve  | 28,732,002           | 289,067              |
| Impairment of Fixed Assets  | 3,031,953            | -                    |
| Profit of Sale of Fixed Assets  | (6,737,469)          | -                    |
| Gratuity & Leave Liabilities  | -                    | (1,057,689)          |
| Finance Charges Paid  | 124,520,966          | 101,496,799          |
| Interest Income   | (7,928,468)          | (9,894,345)          |
| Dividend Income   | (89,299)             | (9,062,238)          |
| <b>Operating Profit before Working Capital Changes</b>                                  | <b>69,482,263</b>    | <b>539,089,437</b>   |
| Adjustment for  |                      |                      |
| Trade and other receivables(including loans and advances)                               | (1,385,931,036)      | (960,005,832)        |
| Inventories   | 623,108,462          | (191,966,307)        |
| Trade payable   | 576,649,330          | 542,681,198          |
| Other Current Liabilities   | (16,520,977)         | (106,418,640)        |
| <b>Cash generated from operations</b>   | <b>(133,211,958)</b> | <b>(176,620,144)</b> |
| Income Tax Paid (Net)   | (867,370)            | (9,707,003)          |
| Fringe Benefit Tax Paid   | -                    | -                    |
| <b>Net cash from Operating Activities</b>   | <b>(134,079,328)</b> | <b>(186,327,147)</b> |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>  |                      |                      |
| Purchase of Fixed Assets  | (43,000)             | (2,915,540)          |
| Sale of Fixed Assets  | 9,400,001            | -                    |
| Investment in Mutual Fund & Fixed deposits  | 4,647,000            | 79,902,061           |
| Interest Income   | 7,928,468            | 9,894,345            |
| Dividend Income   | 89,299               | 9,062,238            |
| <b>Net cash from investing activities</b>   | <b>22,021,768</b>    | <b>95,943,104</b>    |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |                      |                      |
| Proceed from Borrowings   | 128,967,363          | 272,475,483          |
| Interest & Bank Commission paid on Borrowings   | (124,520,966)        | (101,496,799)        |
| Dividend Paid ( Including Dividend Distribution Tax )                                   | -                    | (37,087,415)         |
| <b>Net cash from financing activities</b>   | <b>4,446,397</b>     | <b>133,891,269</b>   |
| Net increase in Cash and Cash equivalent (A+B+C)  | (107,611,162)        | 43,507,226           |
| Cash and Cash equivalent in the Opening balance   | 121,847,500          | 78,340,274           |
| <b>Cash and Cash equivalent in the Closing balance</b>                                  | <b>14,236,336</b>    | <b>121,847,500</b>   |
| <b>Note :</b>   |                      |                      |
| <b>Cash and cash equivalent include cash on hand, bank balance and cheques in hand.</b> |                      |                      |
| <b>Closing Cash and Cash Equivalents as per books</b>                                   |                      |                      |
| Total of Cash & Cash Equivalents ( Refer Note No. 15)                                   | 33,658,036           | 140,413,467          |
| Fixed Deposit   | 19,421,700           | 18,565,967           |
| <b>Cash and Cash equivalent in the Closing balance</b>                                  | <b>14,236,336</b>    | <b>121,847,500</b>   |
| Cash in hand  | 2,019,568            | 228,301              |
| Current Accounts  | 12,216,769           | 121,619,199          |
| <b>Total</b>  | <b>14,236,336</b>    | <b>121,847,500</b>   |

As per our report of even date attached

For &amp; 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

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

**NAVNEET GOENKA**  
Vice Chairman & Managing Director  
DIN No. 00164428

**Place : Mumbai**  
**Date : November 29, 2014**

**KUNDAN TANAWADE**  
Company Secretary



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

**1. Significant Accounting Policies for the period ending on March 31, 2014**

**A. Basis for Preparation of Consolidated Financial Accounts.**

- (a) The consolidated financial statements relates to **Goenka Diamond And Jewels Limited**, ('the holding Company) and **"M. B. Diamond LLC"** (Subsidiary), **Goenka Diamond & Jewels DMCC** (Subsidiary) and **Solitaire Diamond Exports** (a Partnership Firm) (together referred to as 'GDJL Group') and has been prepared in compliance with the applicable Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and relevant provision of the Companies Act, 1956.
- (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/<br>Voting Power | Financial Year Period |
|------------------------------|--------------------------|-------------------------------------|-----------------------|
| M.B. Diamonds LLC            | Russia                   | 95%                                 | April 13 to Mar 14    |
| Goenka Diamond & Jewels DMCC | Dubai                    | 100%                                | April 13 to Mar 14    |
| Solitaire Diamond Exports    | India                    | 99%                                 | April 13 to Mar 14    |

- (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) As per requirement of AS-28 "Impairment of Assets" as notified by the Companies (Accounting Standard) Rules, 2006 (as amended), the management is of the opinion that there is no impairment of goodwill (on consolidation) except as provided in the financial statements.
  - (viii) 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.
  - (ix) The financial statements of M. B. Diamonds, LLC and Goenka Diamond & Jewels DMCC for the period April 2013 to March 2014 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.
  - (x) Other significant accounting policies are as set out in standalone financial statements of **Goenka Diamond and Jewels Limited**, to the extent applicable.



**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****Note No.****2 Share Capital**

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

| Particulars                               | As at<br>March 31, 2014 |                    | As at<br>March 31, 2013 |                    |
|---|-------------------------|--------------------|-------------------------|--------------------|
|   | Number                  | Amount ₹           | Number                  | Amount ₹           |
| <b>Authorised Share Capital</b>           |                         |                    |                         |                    |
| Equity Shares of ₹ 1/- each fully paid up | 330,000,000             | 330,000,000        | 33,000,000              | 330,000,000        |
| <b>Issued, Subscribed and Paid up</b>     |                         |                    |                         |                    |
| Equity Shares of ₹ 1/- each fully paid up | 317,000,000             | 317,000,000        | 317,000,000             | 317,000,000        |
|   |                         | <b>317,000,000</b> |                         | <b>317,000,000</b> |

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

| Particulars                                     | As at<br>March 31, 2014<br>Equity Shares |             | As at<br>March 31, 2013<br>Equity Shares |             |
|---|--|-------------|--|-------------|
|   | Number                                   | Amount ₹    | Number                                   | Amount ₹    |
| Shares outstanding at the beginning of the year | 317,000,000                              | 317,000,000 | 31,700,000                               | 317,000,000 |
| Shares Issued during the year                   | -  | -           | -  | -           |
| Shares bought back during the year              | -  | -           | -  | -           |
| Shares outstanding at the end of the year       | 317,000,000                              | 317,000,000 | 317,000,000                              | 317,000,000 |

- 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<br>March 31, 2014  |                 | As at<br>March 31, 2013  |                 |
|-------------------------------------|--|-----------------|--|-----------------|
|                                     | No. of Shares held<br>(basis : Face Value<br>of ₹ 1/- per share) | % of<br>Holding | No. of Shares held<br>(basis : Face Value<br>of ₹ 1/- per share) | % of<br>Holding |
| <b>Equity Shares</b>                |  |                 |  |                 |
| NANDLAL GOENKA                      | 98,550,000   | 31.09%          | 98,550,000   | 31.09%          |
| NITIN GOENKA (Refer Note No. 2 (d)) | -  | 0.00%           | 40,976,250   | 12.93%          |
| NAVNEET GOENKA                      | 39,153,750   | 12.35%          | 39,153,750   | 12.35%          |
| NAND LAL GOENKA (HUF)               | 34,200,000   | 10.79%          | 34,200,000   | 10.79%          |
| NIRMALA GOENKA                      | 51,326,250   | 16.19%          | -  | 0.00%           |

- e. Aggregate number of shares allotted as fully paid up by way of bonus shares

|                               | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10     |
|-------------------------------|---------|---------|---------|---------|-------------|
| <b>By Way of Bonus Shares</b> | -       | -       | -       | -       | 104,202,000 |
| (adjusted for FV of ₹ 1/-)    |         |         |         |         |             |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 3 Reserves & Surplus

|   | As at<br>March 31, 2014 |                      | As at<br>March 31, 2013 |                      |
|---|-------------------------|----------------------|-------------------------|----------------------|
|   | ₹                       | ₹                    | ₹                       | ₹                    |
| <b>A. Securities Premium Account :</b>              |                         |                      |                         |                      |
| Opening Balance                                     | 1,088,507,042           |                      | 1,088,507,042           |                      |
| Add: Security premium credited on share issue       | -                       |                      | -                       |                      |
|   | <b>1,088,507,042</b>    |                      | <b>1,088,507,042</b>    |                      |
| Less: Premium utilised against share issue expenses | -                       |                      | -                       |                      |
|   |                         | <b>1,088,507,042</b> |                         | <b>1,088,507,042</b> |
| <b>B. General Reserve:</b>                          |                         |                      |                         |                      |
| Opening Balance                                     | 9,908,000               |                      | 9,908,000               |                      |
| Add: Transferred from Profit and Loss Account       | -                       |                      | -                       |                      |
|   | <b>9,908,000</b>        |                      | <b>9,908,000</b>        |                      |
| Less: Transfer                                      | -                       |                      | -                       |                      |
|   |                         | <b>9,908,000</b>     |                         | <b>9,908,000</b>     |
| <b>C. Surplus/ (Deficit)</b>                        |                         |                      |                         |                      |
| Opening balance                                     | 1,853,339,069           |                      | 1,414,946,837           |                      |
| Add:  |                         |                      |                         |                      |
| Net Profit For the current year                     | 30,236,592              |                      | 475,479,647             |                      |
|   | <b>1,883,575,661</b>    |                      | <b>1,890,426,484</b>    |                      |
| Less: Appropriation                                 |                         |                      |                         |                      |
| Proposed Dividend                                   | -                       |                      | 31,700,000              |                      |
| Tax on Proposed Dividend                            | -                       |                      | 5,387,415               |                      |
| <b>Surplus/ (Deficit)</b>                           |                         | <b>1,883,575,661</b> |                         | <b>1,853,339,069</b> |
| <b>D. Foreign Currency Translation Reserve</b>      |                         |                      |                         |                      |
| Opening balance                                     | 1,468,103               |                      | 1,179,036               |                      |
| Add: Addition during the year                       | 28,732,002              |                      | 289,067                 |                      |
|   | <b>30,200,105</b>       |                      | <b>1,468,103</b>        |                      |
| Less: Transfer                                      | -                       |                      | -                       |                      |
|   |                         | <b>30,200,105</b>    |                         | <b>1,468,103</b>     |
|   |                         | <b>3,012,190,807</b> |                         | <b>2,953,222,214</b> |

### NON CURRENT LIABILITIES

### 4 Long Term Provisions

|   | As at<br>March 31, 2014 |                  | As at<br>March 31, 2013 |                  |
|---|-------------------------|------------------|-------------------------|------------------|
|   | ₹                       | ₹                | ₹                       | ₹                |
| <b>Provision For Employee Benefits:</b> |                         |                  |                         |                  |
| Provision for Gratuity                  | 4,286,707               |                  | 4,593,362               |                  |
| Provision for Compensated Absences      | 281,854                 | 4,568,561        | 237,400                 | 4,830,762        |
|   |                         | <b>4,568,561</b> |                         | <b>4,830,762</b> |

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****5 Short Term Borrowings**

|                                     | <b>As at</b>          |                      | <b>As at</b>          |                      |
|-------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                     | <b>March 31, 2014</b> |                      | <b>March 31, 2013</b> |                      |
|                                     | ₹                     | ₹                    | ₹                     | ₹                    |
| <b>Secured:</b>                     |                       |                      |                       |                      |
| Loan Repayable on demand from Banks |                       |                      |                       |                      |
| Pre-shipment Credit                 | 571,901,823           |                      | 537,896,643           |                      |
| Post-shipment Credit                | 994,654,526           |                      | 907,014,418           |                      |
|                                     |                       | <b>1,566,556,349</b> |                       | <b>1,444,911,061</b> |
| <b>Unsecured:</b>                   |                       |                      |                       |                      |
| From Others                         |                       | 26,814,147           |                       | 1,219,539            |
|                                     |                       | <b>1,593,370,496</b> |                       | <b>1,446,130,600</b> |

**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 and Factory land and building at surat
  - b. Personal Guarantees of all Promoter Directors of the Company.

**B** Company has defaulted in repayment of dues to banks amounting to ₹ 617.70 lacs being the amount of overdue bills crystallized by banks to the tune of ₹ 363.56 Lacs and ₹ 254.14 lacs (*though, fully repaid during FY 2014-15*) in the month of January and March, 2014 respectively. The interest amounting to ₹ 51.86 lacs remained unpaid from the Jan 14 to Feb 14.

**6 Trade Payables**

|                  | <b>As at</b>          | <b>As at</b>          |
|------------------|-----------------------|-----------------------|
|                  | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|                  | ₹                     | ₹                     |
| Sundry Creditors | 2,728,731,220         | 2,002,947,069         |
|                  | <b>2,728,731,220</b>  | <b>2,002,947,069</b>  |

**7 Other Current Liabilities**

|   | <b>As at</b>          | <b>As at</b>          |
|---|-----------------------|-----------------------|
|   | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|   | ₹                     | ₹                     |
| Interest accrued but not due on borrowing | 16,563,705            | 231,885               |
| Unclaimed Dividend*                       | 89,671                | 89,771                |
| Employee benefit payables                 | 2,095,911             | 3,235,433             |
| Statutory Dues( including PF,TDS etc.)    | 769,799               | 1,068,215             |
| Creditor for Capital goods                | 1,115,000             | 1,115,000             |
| Due to director's in current account      | 5,393,604             | 773,933               |
| Other Payables#                           | 10,748,025            | 10,845,232            |
|   | <b>36,775,715</b>     | <b>17,359,469</b>     |

\* Investor Education and Protection Fund to be credited by the amount as and when required.

# Includes ₹ 6,39,900 (Previous year ₹ "NIL") liabilities of outstanding foreign currency forward contracts arising on account of re-statement at closing rate



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### 8 Short Term Provisions

|   | As at<br>March 31, 2014 |                   | As at<br>March 31, 2013 |                   |
|---|-------------------------|-------------------|-------------------------|-------------------|
|   | ₹                       | ₹                 | ₹                       | ₹                 |
| <b>Provision for employee benefits:</b>     |                         |                   |                         |                   |
| Provision for Gratuity                      | 4,402,599               |                   | 4,095,944               |                   |
| Provision for Compensated Absences          | 54,916                  | 4,457,515         | 99,370                  | 4,195,314         |
| Proposed Dividend                           |                         | -                 |                         | 31,700,000        |
| Tax on Proposed Dividend                    |                         | 5,387,415         |                         | 5,387,415         |
| Provision for Taxation (Net of Advance Tax) |                         | 20,516,782        |                         | 27,482,212        |
|   |                         | <b>30,361,712</b> |                         | <b>68,764,941</b> |

### 9. Fixed Assets

| Sr. No.   | Particulars                     | GROSS BLOCK        |                            |                            |                        | DEPRECIATION      |                            |                     |                       | NET BLOCK          |                    |
|-----------|---------------------------------|--------------------|----------------------------|----------------------------|------------------------|-------------------|----------------------------|---------------------|-----------------------|--------------------|--------------------|
|           |                                 | As on 01.04.2013   | Addition during the period | Deductions during the year | Total as on 31.03.2014 | Upto 01.04.2013   | Provided during the period | Adj. for deductions | Total upto 31.03.2014 | As on 31.03.2014   | As on 31.03.2013   |
| <b>a.</b> | <b>Tangible Assets</b>          |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
| 1         | Leasehold Factory land          | 4,241,000          | -                          | -                          | 4,241,000              | 1,523,067         | 232,294                    | -                   | 1,755,361             | 2,485,640          | 2,717,933          |
| 2         | Leasehold land                  | 66,841,420         | -                          | -                          | 66,841,420             | 2,228,047         | 2,228,047                  | -                   | 4,456,095             | 62,385,325         | 64,613,373         |
| 3         | Buildings                       | 70,926,760         | -                          | 2,912,379                  | 68,014,381             | 28,577,505        | 2,993,847                  | 249,847             | 31,321,505            | 36,692,877         | 42,349,255         |
| 4         | Plant & Machinery               | 15,330,092         | -                          | -                          | 15,330,092             | 6,920,206         | 1,169,815                  | -                   | 8,090,021             | 7,240,071          | 8,409,886          |
| 5         | Electric Installation           | 2,298,099          | -                          | -                          | 2,298,099              | 1,100,631         | 166,183                    | -                   | 1,266,814             | 1,031,286          | 1,197,468          |
| 6         | Furniture & Fixtures            | 12,659,829         | -                          | 10,963,961                 | 1,695,868              | 7,679,323         | 901,471                    | 7,532,009           | 1,048,786             | 647,083            | 4,980,506          |
| 7         | Office Equipment                | 6,161,734          | 43,000                     | -                          | 6,204,734              | 2,411,241         | 525,680                    | -                   | 2,936,920             | 3,267,814          | 3,750,493          |
| 8         | Vehicle                         | 11,280,229         | -                          | -                          | 11,280,229             | 9,470,449         | 468,553                    | -                   | 9,939,002             | 1,341,227          | 1,809,780          |
| 9         | Computers                       | 7,337,800          | -                          | -                          | 7,337,800              | 5,105,653         | 892,859                    | -                   | 5,998,512             | 1,339,288          | 2,232,147          |
| 10        | Improvement on Leasehold Assets | 14,613,893         | -                          | -                          | 14,613,893             | 14,071,456        | 542,437                    | -                   | 14,613,893            | -                  | 542,437            |
| <b>b.</b> | <b>Intangible Assets</b>        |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
| 1         | Computer Software               | 863,910            | -                          | -                          | 863,910                | 854,699           | 9,211                      | -                   | 863,910               | -                  | 9,211              |
| 2         | Goodwill on Consolidation       | 1,528,061          | -                          | -                          | 1,528,061              | -                 | -                          | -                   | -                     | 1,528,061          | 1,528,061          |
|           |                                 | -                  | -                          | -                          | -                      | -                 | -                          | -                   | -                     | -                  | -                  |
| <b>c.</b> | <b>Capital Work in Progress</b> |                    |                            |                            |                        |                   |                            |                     |                       |                    |                    |
|           |                                 | -                  | -                          | -                          | -                      | -                 | -                          | -                   | -                     | -                  | -                  |
|           | <b>Total</b>                    | <b>214,082,827</b> | <b>43,000</b>              | <b>13,876,340</b>          | <b>200,249,487</b>     | <b>79,942,278</b> | <b>10,130,398</b>          | <b>7,781,856</b>    | <b>82,290,821</b>     | <b>117,958,670</b> | <b>134,140,549</b> |
|           | <b>Total for Previous year</b>  | <b>211,167,287</b> | <b>69,756,960</b>          | <b>66,841,420</b>          | <b>214,082,827</b>     | <b>67,842,498</b> | <b>12,099,780</b>          | <b>-</b>            | <b>79,942,278</b>     | <b>134,140,549</b> | <b>143,324,786</b> |

Notes:

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

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****10 Deferred Tax Assets**

|   | <b>As at</b>          |                   | <b>As at</b>          |                  |
|---|-----------------------|-------------------|-----------------------|------------------|
|   | <b>March 31, 2014</b> |                   | <b>March 31, 2013</b> |                  |
|   | ₹                     | ₹                 | ₹                     | ₹                |
| <b>Deferred Tax Assets</b>                    |                       |                   |                       |                  |
| On account of Gratuity & Compensated Absences | 2,847,130             |                   | 3,067,963             |                  |
| On account of Depreciation                    | 7,520,884             | 10,368,014        | 3,737,152             | 6,805,115        |
|   |                       | <b>10,368,014</b> |                       | <b>6,805,115</b> |

Net deferred tax charge/(credit) for the year of ₹ (35,62,899) (Previous year ₹ (10,01,268) has been recognized in the Statement of Profit and Loss for the year.

**11 Long Term Loans And Advances**

(Unsecured and considered good, unless otherwise stated)

|                        | <b>As at</b>          |                   | <b>As at</b>          |                   |
|------------------------|-----------------------|-------------------|-----------------------|-------------------|
|                        | <b>March 31, 2014</b> |                   | <b>March 31, 2013</b> |                   |
|                        | ₹                     | ₹                 | ₹                     | ₹                 |
| Capital Advances       | -                     |                   | 1,100,000             |                   |
| Security Deposits #    | 3,224,639             |                   | 12,039,465            |                   |
| MAT Credit Entitlement | 35,673,535            |                   | 33,500,000            |                   |
|                        |                       | <b>38,898,174</b> |                       | <b>46,639,465</b> |

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

**CURRENT ASSETS****12 Current Investments**

(At lower of Cost and Market Price)

|  | <b>As at</b>          |                   | <b>As at</b>          |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | <b>March 31, 2014</b> |                   | <b>March 31, 2013</b> |                   |
|  | ₹                     | ₹                 | ₹                     | ₹                 |
| <b>a. Investment in Bonds (Quoted)</b>                                 | Number                | Amount            | Number                | Amount            |
| 8.15% Indian Railway Finance Corporation Ltd.                          | -                     | -                 | 2,175                 | 2,175,000         |
| 8.20% National Highways Authority of India                             | -                     | -                 | 2,472                 | 2,472,000         |
| <b>b. Investment in Optional Convertible Debenture</b>                 |                       |                   |                       |                   |
| Gem Gold Mining Pvt. Ltd.  | 490,000               | 49,000,000        | 490,000               | 49,000,000        |
| <b>Total</b>   |                       | <b>49,000,000</b> |                       | <b>53,647,000</b> |
| <b>c. Notes:-</b>  |                       |                   |                       |                   |
| 1. Aggregate amount of Quoted Investment                               |                       | -                 |                       | 4,647,000         |
| 2. Market value of Quoted Investment                                   |                       | -                 |                       | 5,028,849         |
| 3. Aggregate amount of Non Quoted Investment                           |                       | 49,000,000        |                       | 49,000,000        |
| 4. Aggregate amount of provision for diminution in value of Investment |                       | -                 |                       | -                 |

**13 Inventories**

(Cost & Market Price whichever is lower)

(As taken, valued and certified by the Management)

|                  | <b>As at</b>          |                      | <b>As at</b>          |                      |
|------------------|-----------------------|----------------------|-----------------------|----------------------|
|                  | <b>March 31, 2014</b> |                      | <b>March 31, 2013</b> |                      |
|                  | ₹                     | ₹                    | ₹                     | ₹                    |
| Raw Materials    | 487,462,761           |                      | 1,016,180,535         |                      |
| Stock in Process | -                     |                      | 82,650,367            |                      |
| Finished Goods   | 523,808,156           |                      | 535,548,477           |                      |
|                  |                       | <b>1,011,270,917</b> |                       | <b>1,634,379,379</b> |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

| <b>14 Trade Receivables</b><br><b>(Unsecured and considered good unless otherwise stated)</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|---|---------------------------------------|---------------------------------------|
|   | ₹                                     | ₹                                     |
| Outstanding for more than Six Months from the date they are due for payments                  | 2,839,105,370                         | 366,921,067                           |
| Others  | 3,588,953,828                         | 4,362,709,757                         |
|   | <b>6,428,059,198</b>                  | <b>4,729,630,824</b>                  |

In the opinion of the management, trade receivables outstanding for more than 6 months from the date they are due for payments are good and recoverable, though the recovery has been slow, due to economic slowdown especially in diamond sector and also on account of dispute between promoters, which had temporarily affected the working capital cycle adversely. However, a settlement agreement has been executed between the promoters with help of court mediation on 18th March 2014, post which the management hopes that the company would be able to revive its operations. Nonetheless, the company has directly obtained confirmation from all its overseas Trade receivables and the management is of the opinion that looking at the past record, the Trade Receivables are good and recoverable and therefore no provision is required to be made against these Trade Receivables

| <b>15 Cash And Bank Balances</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|----------------------------------|---------------------------------------|---------------------------------------|
|                                  | ₹                                     | ₹                                     |
| <b>Cash and cash equivalents</b> |                                       |                                       |
| Balance with Banks               | 12,216,769                            | 121,619,199                           |
| Cash on hand                     | 2,019,568                             | 228,301                               |
| <b>Total (A)</b>                 | <b>14,236,336</b>                     | <b>121,847,500</b>                    |
| <b>Other Bank Balance</b>        |                                       |                                       |
| (a) Unpaid Dividend Account      | 89,671                                | 89,771                                |
| (b) Bank Deposits                |                                       |                                       |
| Pledged*                         | 19,322,029                            | 18,466,196                            |
| Non Pledged                      | 10,000                                | 10,000                                |
| <b>Total (B)</b>                 | <b>19,421,700</b>                     | <b>18,565,967</b>                     |
| <b>Total (A+B)</b>               | <b>33,658,036</b>                     | <b>140,413,466</b>                    |

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

| <b>16 Short Term Loans And Advances</b><br><b>(Unsecured and considered good unless otherwise stated)</b> | <b>As at</b><br><b>March 31, 2014</b> | <b>As at</b><br><b>March 31, 2013</b> |
|---|---------------------------------------|---------------------------------------|
|   | ₹                                     | ₹                                     |
| Advance To Staff  | 5,492,767                             | 76,174                                |
| Advance To Suppliers  | 1,857,373                             | 40,773,587                            |
| Prepaid Expenses  | 7,692,155                             | 10,027,290                            |
| Balances with Tax Authorities   | 795,625                               | 1,879,394                             |
| <b>Others</b>   |                                       |                                       |
| -Considered Good #  | 2,024,478                             | 2,382,605                             |
| -Considered Doubtful  | -                                     | 835,000                               |
|   | 2,024,478                             | 3,217,605                             |
| Less - Provided for   | -                                     | 835,000                               |
|   | <b>17,862,399</b>                     | <b>55,139,050</b>                     |

# Includes "NIL" (P/Y ₹ 180,114/-) given as advance to an enterprise in which directors are interested.



# CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

|  |                                      |                                      |
|--|--------------------------------------|--------------------------------------|
| <b>17 Other Current Assets</b>                   | <b>As at<br/>March 31, 2014</b>      | <b>As at<br/>March 31, 2013</b>      |
|  | ₹                                    | ₹                                    |
| Interest Accrued on deposits / debentures        | 9,718,261                            | 4,672,713                            |
| Others   | 7,283,794                            | 5,897,744                            |
|  | <b>17,002,055</b>                    | <b>10,570,457</b>                    |
| <b>18 Revenue From Operations</b>                | <b>Year ended<br/>March 31, 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|  | ₹                                    | ₹                                    |
| <b>Sale of Products:</b>                         |                                      |                                      |
| Export Sales                                     | 3,274,236,512                        | 5,002,377,603                        |
| Domestic Sales                                   | 689,663,694                          | 3,422,505,860                        |
|  | <b>3,963,900,206</b>                 | <b>8,424,883,463</b>                 |
| <b>19 Other Income</b>                           | <b>Year ended<br/>March 31, 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|  | ₹                                    | ₹                                    |
| Interest   | 7,928,468                            | 9,894,345                            |
| Dividend   | 89,299                               | 9,062,238                            |
| Liability No Longer required                     | 2,664                                | 208,523                              |
| Forward Contract Premium                         | 1,255,999                            | -                                    |
| Other Income                                     | 128,809                              | 81,053                               |
| Profit on Sale of Fixed Assets                   | 6,737,469                            | -                                    |
| Exchange Fluctuation (Net)                       | 69,509,961                           | 138,305,265                          |
|  | <b>85,652,669</b>                    | <b>157,551,424</b>                   |
| <b>20 Cost Of Material Consumed</b>              | <b>Year ended<br/>March 31, 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|  | ₹                                    | ₹                                    |
| <b>Materials Consumed</b>                        |                                      |                                      |
| Opening Raw Material / Material-in-process       | 1,098,830,902                        | 999,942,532                          |
| Add: Purchases                                   | 2,888,855,243                        | 6,976,155,671                        |
|  | <b>3,987,686,145</b>                 | <b>7,976,098,203</b>                 |
| Less: Closing Raw Material / Material-in-process | 487,462,761                          | 6,877,267,301                        |
|  | <b>3,500,223,383</b>                 | <b>6,877,267,301</b>                 |
| <b>21 Purchases Of Stock-In-Trade</b>            | <b>Year ended<br/>March 31, 2014</b> | <b>Year ended<br/>March 31, 2013</b> |
|  | ₹                                    | ₹                                    |
| Purchases of Finished Goods                      | 278,620,478                          | 1,089,689,058                        |
|  | <b>278,620,478</b>                   | <b>1,089,689,058</b>                 |



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

| <b>22 Changes In Stock-In-Trade</b>                      | <b>Year ended</b>     | <b>Year ended</b>     |
|--|-----------------------|-----------------------|
| <b>Decrease/(Increase) of Stock-in-Trade consists of</b> | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
| <b>Finished Goods:</b>                                   | ₹                     | ₹                     |
| <b>Opening Stocks</b>                                    |                       |                       |
| Finished Goods   | 555,111,993           | 442,470,540           |
|  | <u>555,111,993</u>    | <u>442,470,540</u>    |
| <b>Less: Closing Stocks</b>                              |                       |                       |
| Finished Goods   | 523,808,156           | 535,548,477           |
|  | <u>523,808,156</u>    | <u>535,548,477</u>    |
|  | <u>31,303,837</u>     | <u>(93,077,937)</u>   |
| <b>23 Employees Benefit Expense</b>                      | <b>Year ended</b>     | <b>Year ended</b>     |
|  | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|  | ₹                     | ₹                     |
| Salaries, Wages, Bonus etc.                              | 23,155,300            | 30,192,907            |
| Contributions to Provident and Other Funds               | 1,101,490             | 2,141,255             |
| Staff Welfare Expenses                                   | 458,866               | 630,365               |
|  | <u>24,715,656</u>     | <u>32,964,527</u>     |
| <b>24 Financial Cost</b>                                 | <b>Year ended</b>     | <b>Year ended</b>     |
|  | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|  | ₹                     | ₹                     |
| <b>Interest</b>  |                       |                       |
| - On Working Capital Facilities                          | 87,891,785            | 72,559,532            |
| - Other Finance Charges                                  | 36,629,181            | 28,937,267            |
|  | <u>124,520,966</u>    | <u>101,496,799</u>    |
| <b>25 Other Expenses</b>                                 | <b>Year ended</b>     | <b>Year ended</b>     |
| <b>a. Manufacturing Expenses</b>                         | <b>March 31, 2014</b> | <b>March 31, 2013</b> |
|  | ₹                     | ₹                     |
| Electricity & Water expenses                             | 116,134               | 232,761               |
| Factory Rent   | 1,940,131             | 2,038,842             |
| Misc Factory Expenses                                    | 1,770,861             | 2,343,425             |
| Factory Repair & Maintenance                             | 159,392               | 147,777               |
|  | <u>3,986,517</u>      | <u>4,762,805</u>      |

# CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

## b. Administrative & Selling Expenses

|                                      | Year ended<br>March 31, 2014 | Year ended<br>March 31, 2013 |
|--------------------------------------|------------------------------|------------------------------|
|                                      | ₹                            | ₹                            |
| Rent, Rates and Taxes                | 6,759,077                    | 10,718,882                   |
| Water & Electricity                  | 1,658,954                    | 1,879,112                    |
| Insurance                            | 1,425,850                    | 1,430,950                    |
| Travelling and Conveyance            | 6,330,127                    | 8,171,981                    |
| Legal and Professional               | 4,642,051                    | 5,654,024                    |
| Postage and Telephone                | 1,244,822                    | 1,713,283                    |
| Printing and Stationery              | 391,181                      | 657,715                      |
| Advertisement and Business Promotion | 4,608,371                    | 7,785,763                    |
| Brokerage and Commission             | 407,830                      | 470,922                      |
| Director's Remuneration              | 5,880,000                    | 15,600,000                   |
| Director's Sitting Fees              | 443,822                      | 483,148                      |
| Misc. Expenses                       | 7,847,561                    | 7,446,829                    |
| Vehicle Running & Maintenance        | 613,718                      | 662,140                      |
| Repair & Maintenance                 | 382,616                      | 1,524,568                    |
| Export and Selling Expenses          | 1,651,673                    | 2,647,573                    |
| Diamond Certification Charges        | 309,262                      | 2,112,876                    |
| Exhibition Expenses                  | 9,622                        | 2,621,180                    |
| <b>Auditors' Remuneration</b>        |                              |                              |
| - Statutory Audit Fees               | 1,003,150                    | 898,880                      |
| - Taxation Matters                   | 147,089                      | 84,371                       |
| - for Other services                 | 168,540                      | 331,555                      |
| - Reimbursement Of Expenses          | 115,826                      | 17,966                       |
|                                      | <b>46,041,141</b>            | <b>72,913,718</b>            |
| Total Other Expenses                 | <b>50,027,659</b>            | <b>77,676,523</b>            |

## 26 Movement in Minority Interest

| Particular                | Minority Interest<br>as at Opening | Addition during<br>the year | Deduction<br>during the year | Minority Interest as<br>at end of the year |
|---------------------------|------------------------------------|-----------------------------|------------------------------|--|
| M. B. Diamond L.L.C.      | 207,785                            | -                           | (4,450)                      | 203,336                                    |
| Solitaire Diamond Exports | 902,465                            | -                           | (26,849)                     | 875,616                                    |
| <b>Total</b>              | <b>1,110,250</b>                   | <b>-</b>                    | <b>(31,299)</b>              | <b>1,078,952</b>                           |

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****27****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. Goenka Diamond & Jewels SDN BHD
22. Shobhagya Capital Options Ltd
23. Shobhagya Securities Ltd

**Key Management Personnel (KMP):**

1. Sh Nandlal Goenka
2. Sh Navneet Goenka
3. Sh Nitin Goenka

**Relative of Key Management Personnel**

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

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****B. Related Party Transactions**

| Nature of Transactions |  | Key Managerial Personnel |           | Relative of Key Managerial Personnel |           | Others     |            |
|------------------------|--|--------------------------|-----------|--------------------------------------|-----------|------------|------------|
|                        |  | 2013-14                  | 2012-13   | 2013-14                              | 2012-13   | 2013-14    | 2012-13    |
| <b>(i)</b>             | <b>Transactions During the year</b>        |                          |           |                                      |           |            |            |
| <b>a.</b>              | <b>Rent Paid</b>                           |                          |           |                                      |           |            |            |
|                        | 1. Nandlal Goenka                          | 990,000                  | 990,000   | -                                    | -         | -          | -          |
|                        | 2. Navneet Goenka                          | -                        | -         | -                                    | -         | -          | -          |
|                        | 3. Nitin Goenka                            | 600,000                  | 900,000   | -                                    | -         | -          | -          |
|                        | 4. Bhawna Goenka                           | -                        | -         | 300,000                              | 300,000   | -          | -          |
|                        | 5. Nirmala Goenka                          | -                        | -         | 300,000                              | 300,000   | -          | -          |
| <b>b.</b>              | <b>Remuneration #</b>                      |                          |           |                                      |           |            |            |
|                        | 1. Nandlal Goenka                          | 600,000                  | 6,000,000 | -                                    | -         | -          | -          |
|                        | 2. Navneet Goenka                          | 480,000                  | 4,800,000 | -                                    | -         | -          | -          |
|                        | 3. Nitin Goenka                            | 4,800,000                | 4,800,000 | -                                    | -         | -          | -          |
| <b>c.</b>              | <b>Perquisites</b>                         |                          |           |                                      |           |            |            |
|                        | 1. Navneet Goenka                          | 687,600                  | 687,600   | -                                    | -         | -          | -          |
|                        | 2. Others                                  | 79,200                   | 79,200    | -                                    | -         | -          | -          |
| <b>d.</b>              | <b>Dividend Paid</b>                       |                          |           |                                      |           |            |            |
|                        | 1. Nandlal Goenka                          | 9,855,000                | 9,855,000 | -                                    | -         | -          | -          |
|                        | 2. Navneet Goenka                          | 3,915,375                | 3,915,375 | -                                    | -         | -          | -          |
|                        | 3. Nitin Goenka                            | 4,097,625                | 4,097,625 | -                                    | -         | -          | -          |
|                        | 4. Others                                  | -                        | -         | 1,054,800                            | 1,054,800 | 3,420,000  | 3,420,000  |
| <b>e.</b>              | <b>Interest Received</b>                   | -                        | -         | -                                    | -         | 5,880,000  | 3,882,411  |
| <b>(ii)</b>            | <b>Balances as at 31.03.14</b>             |                          |           |                                      |           |            |            |
| <b>a.</b>              | <b>Security Deposits</b>                   |                          |           |                                      |           |            |            |
|                        | i. Nandlal Goenka                          | 50,000                   | 50,000    | -                                    | -         | -          | -          |
|                        | ii. Nitin Goenka                           | 50,000                   | 50,000    | -                                    | -         | -          | -          |
|                        | iii. Bhawna Goenka                         | -                        | -         | 50,000                               | 50,000    | -          | -          |
|                        | iv. Nirmala Goenka                         | -                        | -         | 50,000                               | 50,000    | -          | -          |
| <b>b.</b>              | <b>Credit Balance of following parties</b> |                          |           |                                      |           |            |            |
|                        | i. Nandlal Goenka                          | 615,125                  | 227,974   | -                                    | -         | -          | -          |
|                        | ii. Navneet Goenka                         | -                        | 44,223    | -                                    | -         | -          | -          |
|                        | iii. Nitin Goenka                          | 4,778,479                | 501,736   | -                                    | -         | -          | -          |
|                        | iv. Bhawna Goenka                          | -                        | -         | 45,800                               | 152,500   | -          | -          |
|                        | v. Nirmala Goenka                          | -                        | -         | 225,000                              | 152,500   | -          | -          |
| <b>c.</b>              | <b>Investment</b>                          | -                        | -         | -                                    | -         | -          | -          |
|                        | Gem Gold Mining Pvt. Ltd                   | -                        | -         | -                                    | -         | 49,000,000 | 49,000,000 |

# 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



# GOENKA DIAMOND AND JEWELS LIMITED

CIN: L36911RJ1990PLC005651

## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

| 28 | Earnings Per Share (EPS) #   | Year ended<br>March 31, 2014<br>₹ | Year ended<br>March 31, 2013<br>₹ |
|----|--|-----------------------------------|-----------------------------------|
| a. | <b>Profit after Tax (₹)</b>  | 30,236,592                        | 475,479,646                       |
|    | - Before Exceptional Item  | -                                 | -                                 |
|    | - After Exceptional Item   | -                                 | -                                 |
| b. | Dividend on Preference Shares (₹)  | -                                 | -                                 |
| c. | <b>Profit attributable to Equity Shareholders for Basic and Diluted EPS (₹) (a-b)</b>  | <b>30,236,592</b>                 | <b>475,479,646</b>                |
| 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 ) | 317,000,000                       | 317,000,000                       |
| 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) | 317,000,000                       | 317,000,000                       |
| f. | <b>Basic &amp; Diluted Earnings Per Share</b>  |                                   |                                   |
|    | - Before Exceptional Item  | 0.10                              | 1.50                              |
|    | - After Exceptional Item   | 0.10                              | 1.50                              |
| g. | <b>Diluted Earnings Per Share</b>  |                                   |                                   |
|    | - Before Exceptional Item  | 0.10                              | 1.50                              |
|    | - After Exceptional Item   | 0.10                              | 1.50                              |

# The Company has sub divided its equity share from ₹ 10/- each to ₹ 1/- w.e.f. 29th Oct 2012 and the same has been adjusted for previous financial year.

### 29 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, 2014 |               |                 |                    | As at March 31, 2013 |               |             |               |
|-------------------------------------|----------------------|---------------|-----------------|--------------------|----------------------|---------------|-------------|---------------|
|                                     | Diamond & Gems       | Jewellery     | Unallocable     | Consolidated Total | Diamond & Gems       | Jewellery     | Unallocable | Total         |
| <b>Primary Segment (by Product)</b> |                      |               |                 |                    |                      |               |             |               |
| <b>Revenue</b>                      |                      |               |                 |                    |                      |               |             |               |
| Segment Revenue                     | 3,468,760,927        | 495,139,279   | -               | 3,963,900,206      | 5,182,029,900        | 3,242,853,563 | -           | 8,424,883,463 |
| <b>Results</b>                      |                      |               |                 |                    |                      |               |             |               |
| Segment Results                     | 145,881,087          | 6,368,460     | -               | 152,249,547        | 322,360,635          | 285,912,147   | -           | 608,272,780   |
| <b>Operating Profit</b>             |                      |               |                 | 152,249,547        |                      |               |             | 608,272,780   |
| Other Income                        |                      |               |                 | 16,351,958         |                      |               |             | 19,266,526    |
| Unallocable Expenses                |                      |               |                 | (15,837,631)       |                      |               |             | (41,829,296)  |
| Interest Expenses                   |                      |               |                 | (122,753,374)      |                      |               |             | (101,391,174) |
| <b>Net Profit before tax.</b>       |                      |               |                 | 30,010,500         |                      |               |             | 484,318,836   |
| <b>Segment Assets</b>               | 6,323,580,313        | 1,160,821,768 | 239,675,381     | 7,724,077,461      | 4,910,006,397        | 1,677,754,281 | 223,604,632 | 6,811,365,310 |
| <b>Segment Liabilities</b>          | 2,690,405,529        | 87,291,387    | 1,617,189,740   | 4,394,886,656      | 2,976,954,200        | 490,576,599   | 73,612,292  | 3,541,143,091 |
| <b>Net Capital Employed</b>         | 3,633,174,784        | 1,073,530,381 | (1,377,514,358) | 3,329,190,806      | 1,933,052,197        | 1,187,177,682 | 149,992,340 | 3,270,222,219 |

**CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****B) Secondary Segment : Geographical Segment**

| Geographical Location | Domestic      | Rest of the world | Total         | Domestic      | Rest of the world | Total         |
|-----------------------|---------------|-------------------|---------------|---------------|-------------------|---------------|
| Revenue               | 475,313,505   | 3,488,586,701     | 3,963,900,206 | 2,279,281,619 | 6,145,601,844     | 8,424,883,463 |
| Segments Assets       | 1,114,724,703 | 6,609,352,758     | 7,724,077,461 | 1,975,068,376 | 4,836,296,934     | 6,811,365,310 |

**30 Contingent Liabilities & Commitments****Capital Commitment:**

Estimated amount of contracts remaining to be  
Executed and not provided for

| Year ended     | Year ended     |
|----------------|----------------|
| March 31, 2014 | March 31, 2013 |

|           |           |
|-----------|-----------|
| ₹         | ₹         |
| 5,618,000 | 5,618,000 |

**Contingent Liabilities****(a) Claims against the Company not acknowledged as debts**

- i) There are certain disputed tax demands amounting to ₹ 40.93 crores raised by Income Tax Authorities for AY 2009-10, AY 2010-11 & AY 2011-12, mainly relating to allowability of tax exemption u/sec. 10AA of the Income Tax Act 1961, in respect of which the company has filed appeal before appropriate forum (CIT (A) / ITAT). However, the company has already got favorable order from ITAT on the same issue for AY 2008-09. Hence it is confident that for other assessment years also, the company would be able to get favorable orders.
- ii) Service Tax matter (Appeal filed by company) ₹ 622,540 -

- b) During the financial year 2013-2014, independent directors and one of the joint statutory auditors resigned and therefore there was inadvertent delay in compliance of listing agreement and certain provisions of the Companies Act. Any fees, penalty or other financial obligations, if any, arising due to such delay in compliances shall be accounted for as and when the same are determined/ finalized by the appropriate authority.

- 31 There were disputes amongst promoters which arose during the financial year 2013-2014 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 18th March, 2014. The management is of the opinion that no adjustment is required to be made on account of the above disputes, allegations, legal actions and settlement agreement on the financial statements of the company for the year ended March 31, 2014.

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

As per our report of even date attached

For & On behalf of the Board

**NANDLAL GOENKA**

Chairman  
DIN No. 00125281

**NAVNEET GOENKA**

Vice Chairman & Managing Director  
DIN No. 00164428

Place : Mumbai  
Date : November 29, 2014

**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 |             |
|----------------------------|---------------------------|-------------|-------------------------------------|-------------|
| Reporting Currency         | INR                       | ROUBLES     | INR                                 | USD         |
| Capital                    | 16,989                    | 10,000      | 7,44,414                            | 13,624      |
| Reserves                   | 52,26,112                 | 31,44,314   | 30,80,81,741                        | 51,24,931   |
| Total Assets               | 2,91,45,286               | 1,75,34,163 | 62,82,76,904                        | 1,04,53,893 |
| Total Liabilities          | 2,91,45,286               | 1,75,34,163 | 62,82,76,904                        | 1,04,53,893 |
| Investments                | NIL                       | NIL         | NIL                                 | NIL         |
| Turnover / Total Income    | 88,35,742                 | 48,36,732   | 20,80,19,938                        | 34,38,561   |
| Profit Before Taxation     | (88,996)                  | 1,36,001    | 1,19,79,255                         | 2,08,033    |
| Provision for Taxation     | NIL                       | NIL         | NIL                                 | NIL         |
| Profit After Taxation      | (88,996)                  | 1,36,001    | 1,19,79,255                         | 2,08,033    |
| Proposed Dividend          | NIL                       |             | NIL                                 | NIL         |
|                            |                           |             |                                     |             |
| Country                    | RUSSIA                    |             | DUBAI                               |             |
| Notes                      |                           |             |                                     |             |
| As on March 31, 2014:      | 1 Rouble = INR 1.6622     |             | 1 USD = INR 60.0998                 |             |

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: November 29, 2014

## NOTES

# 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 24<sup>th</sup> Annual General Meeting of the Company, to be held on the December 30, 2014 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 | Resolution  |
|-------------------|---|
| 1                 | To consider and adopt the audited Balance Sheet as at 31st March 2014, Statement of Profit and 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 appoint M/s. B. Khosla & Co. and M/s RSVA & Co., Chartered Accountants, as the Joint Statutory Auditors of the Company.  |
| 3                 | To appoint Mr. Anant Upadhyay as a Non-Executive Independent Director.  |
| 4                 | To appoint Ms. Neetam Singh as a Non-Executive Independent Director   |
| 5                 | To appoint Mr. Kevin Shah as a Non-Executive Independent Director   |

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014

Signature of Member \_\_\_\_\_

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

Note: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.

Affix  
Re. 1/-  
Revenue  
Stamp

# Goenka Diamond and Jewels Limited

CIN No.: L36911RJ1990PLC005651

**Registered Office:** 401, Panchratna, M. S. B. Ka Rasta, Johari Bazar, Jaipur – 302003

**Tel:** +91 – 0141 – 2574175 **Fax:** +91 – 0141 - 4054712

**E-mail:** cs@goenkadiamonds.com, www.goenkadiamonds.com

## ASSENT/DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

### ANNUAL GENERAL MEETING ON TUESDAY, DECEMBER 30, 2014

| 1   | Name & Registered Address of Shareholder (IN BLOCK LETTER)  |                             |                                      |  |
|---|---|-----------------------------|--------------------------------------|--|
| 2   | Name(s) of Joint holders, if any  |                             |                                      |  |
| 3   | Registered folio No./ DP ID No./ Client ID No.*<br>(*Applicable to investors holding shares in dematerialized form)   |                             |                                      |  |
| 4   | Number of share(s) held   |                             |                                      |  |
| I/We hereby exercise my/our vote in respect of the following resolution to be passed for the business stated in the Notice of the Annual General Meeting of the Company held on Tuesday, December 30, 2014 at 11.00 A.M. at Bungalow No. C-114, Shivaji Marg, Vijay Path, Tilak Nagar, Jaipur – 302 003 by conveying my/our assent or dissent to the Resolutions by placing a tick (✓) mark at the appropriate box below: |   |                             |                                      |  |
| Item No.  | Description of the Resolution   | No. of share(s) I/We assent | I/We assent to the resolution (FOR ) | I/We dissent to the resolution (AGAINST) |
| 1   | To consider and adopt the audited Balance Sheet as at 31st March 2014, Statement of Profit and 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 appoint M/s. B. Khosla & Co. and M/s RSVA & Co., Chartered Accountants, as the Joint Statutory Auditors of the Company.  |                             |                                      |  |
| 3   | To appoint Mr. Anant Upadhyay as a Non-Executive Independent Director.  |                             |                                      |  |
| 4   | To appoint Ms. Neetam Singh as a Non-Executive Independent Director   |                             |                                      |  |
| 5   | To appoint Mr. Kevin Shah as a Non-Executive Independent Director   |                             |                                      |  |

Place:

Date:

(Signature of the shareholder)

#### Notes:

- (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- (ii) Last date for receipt of Assent/Dissent Form through post: December 26, 2014(6.00 pm)
- (iii) Please read the instructions carefully before exercising your vote.

### General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent in physical form. If a shareholder has opted for Physical Assent / Dissent Form, then he/she should not vote by e-voting and vice versa.
2. However, in case Shareholders cast their vote through both physical assent/dissent form and e-voting, then vote casted through e-voting shall be considered and voting done by Physical Assent / Dissent Form shall be treated as invalid.
3. The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on November 21, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.
4. Voting through physical assent / dissent form cannot be exercised by a proxy.

### Instructions for voting physically in Assent / Dissent Form

1. A Member desiring to exercise vote by Assent / Dissent should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. Vishal Manseta, Practicing Company Secretary, Mumbai and send the same at their cost to reach the Scrutinizer of the Company at Mr. Vishal Manseta, Practicing Company Secretary, 401, Panchratna, M.S.B. Ka Rasta, Johari Bazar, Jaipur – 302 003, on or before the close of working hours i.e. 6.00 p.m. on December 26, 2014. All Forms received through post after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies, etc.), the completed Assent / Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent / Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Assent / Dissent Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent / Dissent form except giving their assent or dissent and putting their signature. If any other paper is sent along with the form the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Assent / Dissent Form will be final and binding. Incomplete, unsigned or incorrectly ticked Assent / Dissent Forms will be rejected.





# Goenka Diamond & Jewels Limited

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

[www.goenkadiamonds.com](http://www.goenkadiamonds.com)