

# **J.K. SHAH & CO.**

## **CHARTERED ACCOUNTANTS**

3RD FLOOR, FLAT NO 14,  
AL-KARIM MANZIL,  
15, PALTON ROAD,  
MUMBAI 400 001  
TEL. : 2261 5581  
2262 0183  
e mail: info@jkshah.co.in

### **Independent Auditor's Report**

**To the Members of N. Kumar Diamond Exports Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of N. Kumar Diamond Exports Limited ('the Company'), which comprise the balance sheet as at 31<sup>st</sup> March 2017, 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**

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

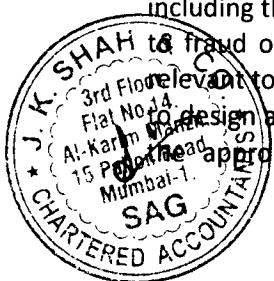
### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting



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estimates made by the Company's Directors, 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 on the financial statements.

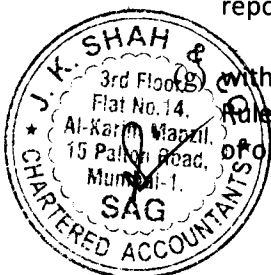
### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017 and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate reporting "Annexure B"; and

with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



**J.K. SHAH & CO.**  
**CHARTERED ACCOUNTANTS**

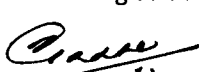
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- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statement;
- ii. the Company did not have any long-term contracts including derivative contracts, as such the question of commenting on any material foreseeable losses there on does not arise;
- iii. there are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. the company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 28 to the financial statement.

For J. K. Shah & Co.

Chartered Accountants

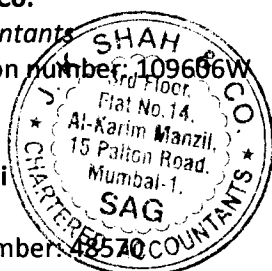
Firm's registration number: 109606W



**Sanjay A. Gandhi**

Partner

Membership number: 48570



Mumbai

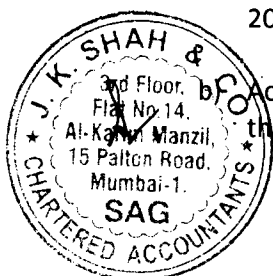
May 26, 2017

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at regular interval considering the size of the Company and nature of assets. No material discrepancies have been noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us and on the basis of our examination of the records of the company, the discrepancies noticed on physical verification between physical stock and the book records were not material and have been adequately dealt with in the books of account.
- (iii) The Company has not granted loans to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees given.
- (v) In our opinion and according to the information and explanations given to us, the Company, during the year, has not accepted the deposits to which provisions of section 73 to 76 of the Act or rules framed thereunder is applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of cost records, under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including income-tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31<sup>st</sup> March 2017 for a period of more than six months from the date they became payable.

b) According to information and explanation given to us, details of disputed income tax demand that have not been deposited on account of disputes are given below:

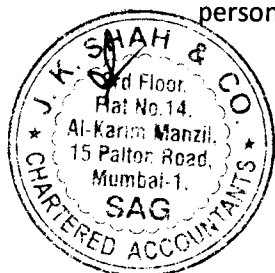


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Name of Statue	Nature of Dues	Amount (in lacs)	Period to which amount relates	Forum where dispute pending
The Income Tax Act, 1961	Income Tax	5,98,860	Asst. Year 2012-13	Commissioner Appeals
MVAT Act, 2002	VAT, Interest & penalty	28,23,198	Acct. Year 2006-2007	Dy. Commissioner Appeals
CST Act, 1958	CST	10,71,853	Acct. Year 2006-2007	Dy. Commissioner Appeals

- (viii) According to the records of the Company, it has not borrowed any money from the bank or financial institutions, government or debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit for the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.



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(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For J. K. Shah & Co.

Chartered Accountants

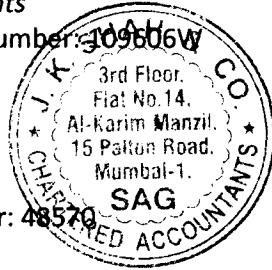
Firm's registration number: 109606W



**Sanjay A. Gandhi**

Partner

Membership number: 48570



Mumbai

May 26, 2017

**Annexure - B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of N. Kumar Diamond Exports Limited ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

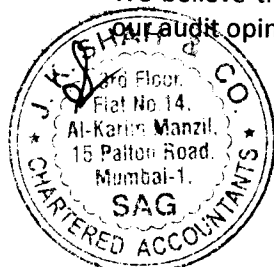
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

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

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



### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

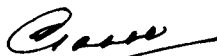
### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For J. K. Shah & Co.

Chartered Accountants

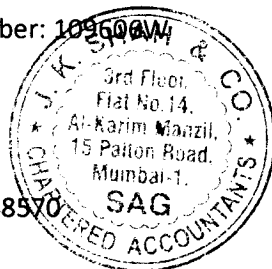
Firm's registration number: 109500M



Sanjay A. Gandhi

Partner

Membership number: 48570



Mumbai

May 26, 2017



	Notes	31 March 2017 ₹	31 March 2016 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	6,50,00,000	6,50,00,000
Reserves and Surplus	4	13,93,37,056	13,81,63,053
		<u>20,43,37,056</u>	<u>20,31,63,053</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	5	-	61,506
		-	<u>61,506</u>
<b>Current liabilities</b>			
Short-term borrowings	6	3,19,47,900	6,35,21,500
Trade payables	7	6,71,63,355	77,865
Other Current liabilities	8	8,60,970	3,67,67,540
Short-term provisions	9	1,56,109	39,509
		<u>10,01,28,334</u>	<u>10,04,06,414</u>
<b>TOTAL</b>		<u><b>30,44,65,390</b></u>	<u><b>30,36,30,973</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	25,23,191	29,62,961
Non-current investments	11	30,00,02,100	30,00,02,100
Deferred tax assets (net)	5	2,77,884	-
Long-term loans and advances	12	35,869	35,869
		<u>30,28,39,044</u>	<u>30,30,00,930</u>
<b>Current assets</b>			
Inventories	13	3,18,483	3,18,483
Cash and bank balances	14	5,09,555	2,99,571
Other current assets	15	7,98,308	11,989
		<u>16,26,346</u>	<u>6,30,043</u>
<b>TOTAL</b>		<u><b>30,44,65,390</b></u>	<u><b>30,36,30,973</b></u>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

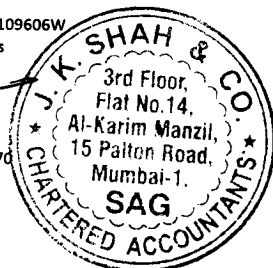
As per our report of even date

For J.K.Shah & Co.

Firm Registration No. 109606W

Chartered Accountants

*Sanjay A. Gandhi*  
Partner  
Membership No : 48570



Place: Mumbai

Date : May 26, 2017

For and on behalf of the board of directors

N. Kumar Diamond Export Limited

*Hitesh M Shah*

Hitesh M Shah  
Director

*B.C. Shah*

Bhupen C Shah  
Director

*Ghanashyam M. Walavalkar*  
Ghanashyam M. Walavalkar  
Company Secretary

Place: Mumbai

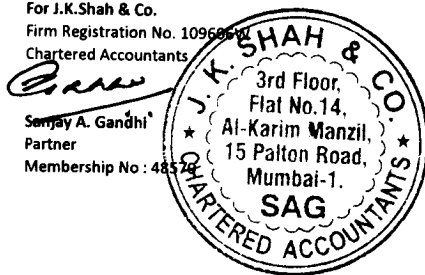
Date : May 26, 2017

**N. KUMAR DIAMOND EXPORTS LIMITED**  
**Statement of profit and loss for the year ended March 31, 2017**

	Notes	31 March 2017 ₹	31 March 2016 ₹
<b>Income</b>			
Revenue from operations (net)			
Other income	16	6,94,15,180	-
	17	14,59,191	8,64,240
<b>Total revenue (I)</b>		<b>7,08,74,371</b>	<b>8,64,240</b>
<b>Expenses</b>			
Purchase of traded goods	18	6,61,63,542	-
Employees Cost and Benefit	19	5,40,000	5,40,000
Finance Cost	20	22,92,219	1,724
Other expenses	21	3,87,227	7,86,442
<b>Total Expenses (II)</b>		<b>6,93,82,989</b>	<b>13,28,167</b>
Earnings before tax, depreciation and amortization (EBITDA) (I)-(II)		14,91,382	(4,63,927)
Depreciation and amortization expense			
Profit/(loss) before tax	22	4,39,769	5,32,309
Tax expenses		10,51,613	(9,96,236)
Current tax			
Deferred tax		2,17,000	-
		(3,39,390)	-
<b>Total tax expense</b>		<b>(1,22,390)</b>	<b>-</b>
<b>Profit/(loss) for the year</b>		<b>11,74,003</b>	<b>(9,96,236)</b>
<b>Earning per equity share</b>			
Basic	23		
Diluted		₹ 0.18	₹ (0.15)
		₹ 0.18	₹ (0.15)
Summary of Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
 For J.K.Shah & Co.  
 Firm Registration No. 1096094  
 Chartered Accountants



For and on behalf of the board of directors  
 N. Kumar Diamond Export Limited

Hitesh M Shah  
 Director

B. C. Sheeh  
 Bhupen C Shah  
 Director

Ghanashyam M. Walavalkar  
 Company Secretary

Place: Mumbai  
 Date : May 26, 2017

Place: Mumbai  
 Date : May 26, 2017

**N. KUMAR DIAMOND EXPORTS LIMITED**  
**Cash Flow statement for the year ended 31 March 2017**

Cash Flow from operating activities	31 March 2017 ₹	31 March 2016 ₹
Profit / (Loss) before tax	10,51,613	(9,96,236)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization	4,39,769	5,32,309
Rent Received	(9,99,420)	(8,64,000)
Dividend Income	-	(240)
Interest and financial charges	22,92,219	1,724
Operating profit before working capital changes	<b>27,84,182</b>	<b>(13,26,443)</b>
(Increase)/decrease in Working Capital	3,06,09,601	3,62,87,947
Cash generated from/(used in) operations	<b>3,33,93,783</b>	<b>3,49,61,504</b>
Direct taxes paid (Net of refunds)	(3,17,400)	(86,400)
<b>Net cash flow from/(used in) operating activity (A)</b>	<b>3,30,76,383</b>	<b>3,48,75,104</b>
<b>Cash flows from investing activities</b>		
Dividend received	-	240
Rent Recd	9,99,420	8,64,000
Sale of investment	-	91,694
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>9,99,420</b>	<b>9,55,935</b>
<b>Cash flows from financing activities</b>		
Proceed / (Repayment) of short term borrowings (Net)	(3,15,73,600)	(3,59,56,500)
Interest and financial charges	(22,92,219)	(1,724)
<b>Net cash flow from/(used in) financing activities (C)</b>	<b>(3,38,65,819)</b>	<b>(3,59,58,224)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,09,983	(1,27,185)
Cash and cash equivalents at the beginning of the year	2,99,571	4,26,756
Cash and cash equivalents at the end of the year	<b>5,09,555</b>	<b>2,99,571</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	8,297	1,01,933
With banks		
- on current account	5,01,258	1,97,638
- on deposit account		
<b>Cash and Cash Equivalents (Refer note 14)</b>	<b>5,09,555</b>	<b>2,99,571</b>

Summary of significant accounting policies

2.1

As per our report of even date

For J. K. Shah & Co.

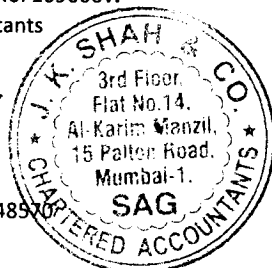
Firm Registration No. 109606W

Chartered Accountants



Sanjay A. Gandhi  
Partner

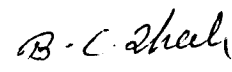
Membership No : 485707



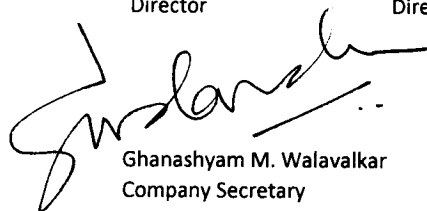
For and on behalf of the board of directors of  
N.Kumar Diamond Exports Limited



Hitesh M Shah  
Director



Bhupen C Shah  
Director



Ghanashyam M. Walavalkar  
Company Secretary

Place: Mumbai

Date : May 26, 2017

Place: Mumbai

Date : May 26, 2017

## **N KUMAR DIAMOND EXPORTS LIMITED**

### **NOTES AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

#### **1. Corporate information**

N Kumar Diamond Export Limited is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and having engaged in the business of manufacturing and export of cut & polished diamonds.

#### **2. Basis of preparation of financial statements**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified u/s 133 of the Companies Act, 2013 (the Act) read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. The financial statements have been prepared under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### **2.1 Significant Accounting Policies:**

##### **a) Use of Estimates**

The preparation of the financial statements in accordance with the generally accepted accounting principles ('GAAP') in India requires management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and reported amounts of revenues and expenses during reporting period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### **b) Revenue recognition:**

All revenue and expenses are accounted on accrual basis except to the extent stated otherwise.

##### **c) Inventories:**

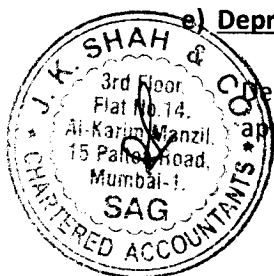
Stock in trade is valued at lower of cost or net realisable value

##### **d) Tangible fixed assets:**

Fixed assets are stated at cost of acquisition less accumulated depreciation/ amortization and impairment loss, if any. The cost of fixed assets includes freight, duties, taxes (to the extent not recoverable from tax authorities) and expenses incidental to the acquisition / construction and installation of the respective fixed assets upto the time the assets are ready for their intended use.

##### **e) Depreciation**

Depreciation on fixed assets is calculated as per the useful life specified in Schedule II to the Act applying the Written Down Value rates.



**N KUMAR DIAMOND EXPORTS LIMITED**

**NOTES AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

**f) Foreign Currency Transactions:**

- Transactions in foreign currency are accounted at the exchange rate prevailing at the time of transaction.
- Gains or Losses upon settlement of transaction during the year is recognized in the profit and loss account.
- Assets and liabilities denominated in foreign currency are restated at the year end rates. Gains or losses arising as a result of the above are recognized in the profit and loss account.

**g) Investments:**

Investments which are Long Term in nature are stated at cost of acquisition with provision where necessary for diminution, other than temporary, in the value of investments.

**h) Borrowing Cost:**

Borrowing costs directly attributable to the acquisition or construction of fixed assets are capitalized as part of the cost of the assets, up to the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

**i) Taxation:**

Tax expense comprises current tax and deferred tax.

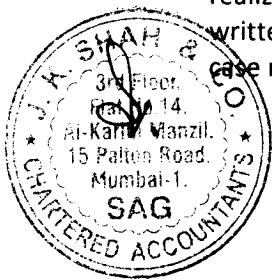
**Current tax**

Provision for current income tax is made on the basis of relevant provisions of Income Tax Act, 1961 as applicable to the financial year.

**Deferred tax**

Deferred tax charge or credit and the corresponding deferred tax liability or asset is recognized for timing differences between the profits or losses offered for income taxes and profits / losses as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.



**N KUMAR DIAMOND EXPORTS LIMITED**

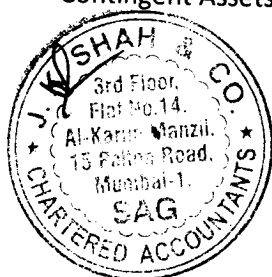
**NOTES AND SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017**

**j) Provisions, Contingent Liabilities and Contingent Assets:**

The Company recognizes a provision when there is a present obligation as a result of a past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimate can be made.

Contingent liabilities are disclosed by way of note to the Financial Statements after careful evaluation by the proprietor of facts and legal aspects of the matter involved.

Contingent Assets are neither recognized nor disclosed.



3. Share capital

	31 March 2017 ₹	31 March 2016 ₹
<b>Authorized</b>		
6,500,000 (31 March 2016 : 6,500,000) equity shares of ₹ 10/- each)	6,50,00,000	6,50,00,000
<b>Issued, subscribed and fully paid-up</b>		
6,500,000 (31 March 2016 : 6,500,000) equity shares of ₹ 10/- each)	6,50,00,000	6,50,00,000
<b>Total</b>	<u>6,50,00,000</u>	<u>6,50,00,000</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	31 March 2017		31 March 2016	
	Number	₹	Number	₹
At the beginning of the year	65,00,000	6,50,00,000	65,00,000	6,50,00,000
At the end of the year	<u>65,00,000</u>	<u>6,50,00,000</u>	<u>65,00,000</u>	<u>6,50,00,000</u>

b. Details of shareholders holding more than 5% shares in the company

	31 March 2017		31 March 2016	
	No.	% holding	No.	% holding
Renaissance Jewellery Limited	65,00,000	100	65,00,000	100

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates

	31 March 2017	31 March 2016
Renaissance Jewellery Limited (Holding Company)	65,00,000	65,00,000

d. Rights, preference and restriction to class of shares

The company has one class of issued shares having nominal value ₹ 10/-. Each holder of equity share is entitled to one vote per share.

4. Reserves and surplus

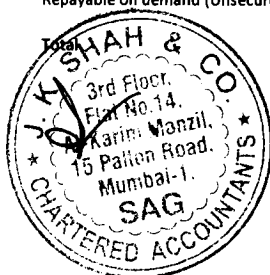
	31 March 2017 ₹	31 March 2016 ₹
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	13,81,63,053	13,91,59,288
Profit/(Loss) for the year	<u>11,74,003</u>	<u>(9,96,235)</u>
Net surplus in the statement of profit and loss	13,93,37,056	13,81,63,053
<b>Total</b>	<u>13,93,37,056</u>	<u>13,81,63,053</u>

5. Deferred tax (assets) / liabilities

	31 March 2017 ₹	31 March 2016 ₹
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	61,506
Gross deferred tax liability	-	61,506
<b>Deferred tax asset (net)</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	2,77,884	-
Gross deferred tax assets	2,77,884	-
<b>Net deferred tax (asset)/liabilities</b>	<u>(2,77,884)</u>	<u>61,506</u>

6. Short-term borrowings

	31 March 2017 ₹	31 March 2016 ₹
Interest free loan from related parties	3,19,47,900	6,35,21,500
Repayable on demand (Unsecured)	-	-
<b>Total</b>	<u>3,19,47,900</u>	<u>6,35,21,500</u>



7. Trade payables

	31 March 2017 ₹	31 March 2016 ₹
For goods purchase:	6,69,57,504	-
For Services rendered	2,05,851	77,865
<b>Total</b>	<b>6,71,63,355</b>	<b>77,865</b>

8. Other Current liabilities

	31 March 2017 ₹	31 March 2016 ₹
Security Deposit- Rented Office Premises	5,16,000	4,32,000
Prasad Chambers Premises Co-op Society Limited	2,86,000	-
Advance against office premise	-	3,62,76,500
Statutory Dues	14,205	19,010
Salary Payable	30,895	30,740
Rent(Advance)	13,870	9,290
<b>Total</b>	<b>8,60,970</b>	<b>3,67,67,540</b>

9. Short Term Provision

	31 March 2017 ₹	31 March 2016 ₹
<b>Provisions</b>		
Tax Provision (net of tax paid)	1,56,109	39,509
<b>Total</b>	<b>1,56,109</b>	<b>39,509</b>

11. Non-current Investments

Long Terms (valued at cost unless stated otherwise)

Trade Investments

Equity Instruments (quoted)

Investment in Holding Company

Equity Shares of ₹ 10 each of Renaissance Jewellery Limited  
(Nos. of Equity Shares 80 PY : 80)

2,000 2,000

Equity Instruments (unquoted)

Investment in Subsidiaries

Equity Shares of ₹ 10 each of Housefull International Limited  
(Nos. of Equity Shares 30,000,000 P.Y. 30,000,000)

30,00,00,000 30,00,00,000

Non-trade Investments

Equity Instruments (unquoted)

Investment in others

Equity Share of ₹ 10 each of Saraswat Co-operative Bank Limited  
(Nos. of Equity Shares 10 P.Y. 10)

100 100

**Total**

**30,00,02,100 30,00,02,100**

Aggregate amount of quoted investments

2,000 2,000

Market value of quoted investments

11,240 10,024

Aggregate amount of unquoted investments

30,00,00,100 30,00,00,100

12. Long-term Loans and advances

(Unsecured, considered good unless stated otherwise)

**Non-current**

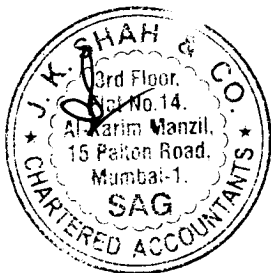
**Security deposit**

Unsecured, considered good

35,869 35,869

**Total**

**35,869 35,869**





N. Kumar Diamond Exports Limited

SCHEDULE FORMING PART OF BALANCE SHEET AS ON 31st March, 2017

10 : FIXED ASSETS

(Amount in Rupees)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 1-Apr-16	Addition	Deduction	As on 31-Mar-17	Up to 1-Apr-16	For the Year	Deduction	Up to 31-Mar-17	As on 31-Mar-17	As on 31-Mar-16
<b>Tangible Assets</b>										
Office Premises	74,34,513	-	-	74,34,513	52,10,587	2,59,725	-	54,70,312	19,64,201	22,23,926
Plant & Machinery	66,54,905	-	-	66,54,905	59,15,870	1,80,044	-	60,95,914	5,58,991	7,39,035
<b>Total</b>	<b>1,40,89,418</b>	-	-	<b>1,40,89,418</b>	<b>1,11,26,457</b>	<b>4,39,769</b>	-	<b>1,15,66,227</b>	<b>25,23,191</b>	<b>29,62,961</b>
<b>Previous year</b>	<b>1,40,89,418</b>	-	-	<b>1,40,89,418</b>	<b>1,05,94,148</b>	<b>5,32,309</b>	-	<b>1,11,26,457</b>	<b>29,62,961</b>	<b>34,95,270</b>



13. Inventories (valued at lower of cost and net realizable value)

	31 March 2017 ₹	31 March 2016 ₹
Rough Daimonds*	3,18,483	3,18,483
*(Represents inventory seized by the tax department)		
	<u>3,18,483</u>	<u>3,18,483</u>

14. Cash and bank balances

	31 March 2017 ₹	31 March 2016 ₹
Cash and cash equivalents		
Balance with banks:		
On current accounts	5,01,258	1,97,638
Cash on hand	8,297	1,01,933
Total	<u>5,09,555</u>	<u>2,99,571</u>

15. Other current assets

	31 March 2017 ₹	31 March 2016 ₹
Prepaid expenses	4,326	1,969
Dividend receivable	20	20
Advances Recoverable in cash or kind	7,93,962	10,000
Total	<u>7,98,308</u>	<u>11,989</u>

16. Revenue from operations

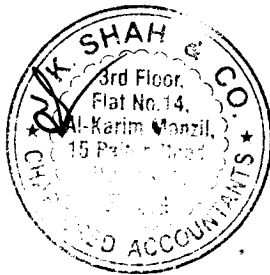
	31 March 2017 ₹	31 March 2016 ₹
Revenue from operations		
Sale of traded goods		
Cut & Polished Diamonds	6,94,15,180	-
Revenue from operations (gross)	<u>6,94,15,180</u>	<u>-</u>

17. Other Income

	31 March 2017 ₹	31 March 2016 ₹
Rent (Office Premises)	9,99,420	8,64,000
Dividend income on Long - term investment	-	240
Exchange rate difference	4,59,771	-
Total	<u>14,59,191</u>	<u>8,64,240</u>

18. Purchase of traded goods

	31 March 2017 ₹	31 March 2016 ₹
Cut & Polished diamonds	6,61,63,542	-
Total	<u>6,61,63,542</u>	<u>-</u>



19. Employees Cost and its Benefit

	31 March 2017	31 March 2016
	₹	₹
Salary		
<b>Total</b>	<b>5,40,000</b>	<b>5,40,000</b>
	<b>5,40,000</b>	<b>5,40,000</b>

20. Finance Cost

	31 March 2017	31 March 2016
	₹	₹
Bank charges		
Foreign bank charges	12,943	1,724
Interest on ICD	3,288	-
<b>Total</b>	<b>22,75,988</b>	<b>-</b>
	<b>22,92,219</b>	<b>1,724</b>

21. Other expenses

	31 March 2017	31 March 2016
	₹	₹
Appeal Fees	2,025	-
Society Maintenance Expenses	1,01,679	4,49,167
Export Expenses	24,486	-
Legal and professional fees	93,400	1,77,985
Membership and subscription	8,015	7,866
Miscellaneous expenses	36,102	28,105
Payment to auditor (Refer details below)	1,03,500	31,625
Printing & Stationery	18,019	-
Investment Written Off	-	91,694
<b>Total</b>	<b>3,87,227</b>	<b>7,86,442</b>

Payment to auditor

	31 March 2017	31 March 2016
	₹	₹
As auditor:		
Audit fee	46,000	23,000
In other capacity:		
Tax Audit	23,000	-
Taxation and Others	34,500	8,625
<b>Total</b>	<b>1,03,500</b>	<b>31,625</b>

22. Depreciation and amortization expense

	31 March 2017	31 March 2016
	₹	₹
Depreciation of tangible assets	4,39,769	5,32,309
<b>Total</b>	<b>4,39,769</b>	<b>5,32,309</b>

23. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31 March 2017	31 March 2016
	₹	₹
Profit/(Loss) after taxation	11,74,003	(9,96,236)
<b>Net profit / (Loss) for calculation of basic and diluted EPS</b>	<b>11,74,003</b>	<b>(9,96,236)</b>
Weighted average number of equity shares in calculating basic EPS (In Nos)	65,00,000	65,00,000
Face value of share (in ₹)	10	10
Basic Earnings per share	0.18	(0.15)
Diluted Earnings per share	0.18	(0.15)

24. Related party Disclosures

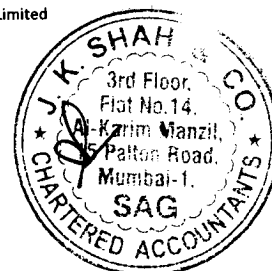
Related party Disclosures as required by Accounting Standard 18 is as follows:

Names of related parties and related party relationship

<b>Holding Company</b>	: Renaissance Jewellery Ltd.
<b>Subsidiary Company</b>	: Housefull International Ltd.
<b>Indirect Subsidiary Company</b>	: Housefull Supply Chain Management Ltd.
<b>Associates</b>	: Anived Advisors Private Limited : Anived Trade Impex Private Limited : Anived Portfolio Management Privat Limited. : Suanik Multicomm Impex Private Limited : M/s iAlpha Enterprises (Partnership firm) : Aurelle Jewellery LLP : Verigold Jewellery (UK) Limited : Renaissance Jewelry N.Y Inc. : Verigold Jewellery DMCC : Renaissance Jewellery Bangladesh Private Limited : VGJA Inc.,

<b>Key management personnel</b>	: Mr. Niranjana A. Shah : Mr. Bhupen C. Shah : Mr. Hitesh M. Shah
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<b>Relative of Key management personnel</b>	: Mr. Amit C. Shah : Mr. Sumit N. Shah
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Related Party Transactions

The Following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of transaction	Holding Company	Subsidiary Company	Key Management Personnel & relatives
	₹	₹	₹
<b>Interest paid on ICD</b>			
31 March 2017	22,75,988	-	-
31 March 2016	-	-	-
<b>Unsecured Loans / ICD (Net)</b>			
31 March 2017	-	-	(3,15,73,600)
31 March 2016	-	-	(3,59,56,500)
<b>Amount Payable as on</b>			
31 March 2017	-	-	3,19,47,900
31 March 2016	-	-	6,35,21,500

25. Investment in Subsidiary Company

In view of the strategic decision taken by the management of Housefull International Limited (HFIL), a subsidiary of the Company, of shutting down of physical retail outlets has resulted into impairment of fixed assets of HFIL contributed to the erosion of networth of HFIL. However, the management of HFIL considered this being temporary phase and is hopeful of recovery and re-building the networth position. In view of the same, the management of the company feels that no provision for diminution is required for the investment in HIL.

26. Contingent Liabilities

	31 March 2017	31 March 2016
	₹	₹
i) Income Tax demand disputed in appeal :		
Disputed by the Company	8,51,320	8,51,320
Disputed by the Department	1,13,46,700	1,13,46,700
ii) MVAT / CST demand disputed in appeal	38,95,051	-
iii) Guarantee given to bank along with holding company against credit facilities extended to subsidiary company.	15,00,00,000	17,00,00,000
iv) Corporate guarantee (Given by Company to a bank in respect of loan taken by its Holding company)	2,82,35,00,000	2,82,35,00,000

(The contingent liabilities, if materialised, shall entirely be borne by the company, as there is no likely reimbursement from any other party.)

27. Earnings in foreign exchange (accrual basis)

	31 March 2017	31 March 2016
	₹	₹
Exports at F.O.B Value	6,93,95,999	-
	<u>6,93,95,999</u>	<u>-</u>

28. Disclosure on Specified Bank Notes (SBNs)

During the year, the company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs *	Other notes	Total
Closing cash in hand as on November 8, 2016	14,000	313	14,313
Add: Permitted receipts	-	10,000	10,000
Less: Permitted payments	-	1,372	1,372
Less: Amount deposited in banks	14,000	-	14,000
<b>Closing cash in hand as on December 31, 2016</b>	<b>-</b>	<b>8,941</b>	<b>8,941</b>

\* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November, 2016

29. Previous year figures

Previous year's figures are regrouped / rearranged / recast wherever considered necessary.

As per our report of even date

For J.K.Shah & Co.

Firm Registration No. 109606W

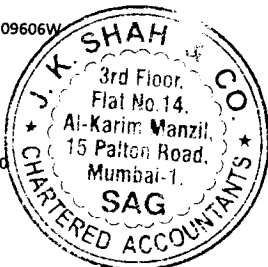
Chartered Accountants

*[Signature]*

Sanjay A. Gandhi

Partner

Membership No : 48570



For and on behalf of the board of directors

N. Kumar Diamond Export Limited

*[Signature]* Hitesh M Shah  
Director

*[Signature]* Bhupen C Shah  
Director

*[Signature]* Ghanashyam M. Walavalkar  
Company Secretary

Place: Mumbai

Date : May 26, 2017

Place: Mumbai

Date : May 26, 2017