

Independent Auditor's Review Report on quarterly and year to date unaudited financial results of Tara Jewels Limited pursuant to the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
Interim Resolution Professional
Tara Jewels Limited
Mumbai

IP Registration No: BBI/IPA-002/IP-N00106/2017-18/10248

The Hon'ble National Company Law Tribunal, Mumbai (NCLT) admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Tara Jewels Limited and appointed Mr. Pinakin Surendra Shah as the Interim Resolution Professional under Insolvency and Bankruptcy Code, 2016 ("Code") vide order dated November 1, 2018.

As per Section 134 of the Companies Act, 2013, the financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed. In view of the pendency of the CIR process, these power are now vested with Mr. Pinakin Surendra Shah in his capacity as the Interim Resolution Professional from November 1, 2018 as per the provisions of Insolvency and Bankruptcy Code, 2016.

We have reviewed the accompanying unaudited Standalone financial results of **Tara Jewels Limited** ("the Company") for the quarter ended September 30, 2018 and Year to date unaudited financial results for the period from April 1, 2018 to September 30, 2018, (the Statement) attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, read with Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016. This statement is the responsibility of the Company's Management and taken on record by the Interim Resolution Professional.

This Statement, which is the responsibility of the Company's Management and considered and taken on record by the Interim Resolution Professional, relying on certification by the Key Management Personnel, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.



We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- a) The Company's inventories of raw material and work in progress and trade receivables are carried at INR 31,222.37 Lakhs in the financial statements, which represents approximately 74% of the total assets of the Company as at September 30, 2018 for which we report the following :
- i) As stated in Note 4, the Company is carrying inventories of raw materials and work in progress amounting to INR 14,510.15 Lakhs and INR 5,848.67 Lakhs respectively as at September 30, 2018. The Company has substantially written down its inventories periodically to net realizable value in view of defects, damages, obsolescence, and slow-moving inventories. The work in progress inventories including gold lying in unrefined form amounting to INR 4,439.53 Lakhs are also long aged and non-moving. Significant part of the inventories is not earmarked against orders. The estimation of net realizable value of inventories has been assessed by the management based on the internal valuation for which sufficient and appropriate audit evidence are not made available to us. Also, in view of distinctive nature of inventories consisting of diamonds, color stones, etc. in various sizes, cuts, colors, carat and quality, it is impracticable to conduct the physical verification and identification of inventories to corroborate the management's assertions for existence, ownership and valuation of inventories. Moreover, there is no third party independent expert opinion for estimating the net realizable value of inventories. In view of the above, we are unable to comment on the existence, valuation and realisability of raw materials and work in progress amounting to INR 14,510.15 lakhs and INR 5,848.67 Lakhs respectively carried in these financial statements.
 - ii) As stated in Note 5, the Company is carrying net trade receivables amounting to INR 10,393.06 Lakhs as at September 30, 2018. The Company has provided for loss allowance to the extent of INR 28,916.31 Lakhs against the total receivables of INR 39,309.37 Lakhs as at September 30, 2018. Majority of the receivables are overdue for a long period of time. There have been no significant transactions with these customers for more than six months. Further, the subsequent receipts from these customers have also been insignificant. An amount of INR 5,457.45 Lakhs is due from subsidiaries. In absence of adequate evidence and confirmations for outstanding receivables, we are unable to comment on the recoverability of trade receivables of INR 10,393.06 lakhs carried in these financial statements.
- b) The Company needs to strengthen its internal control system, in particular of its accounts receivables including periodic reconciliation with customers, physical verification, quantity reconciliation and valuation of inventories. We are unable to determine the consequential impact, if any, of these aforesaid weaknesses on these financial results.



- c) Balance confirmation of the margin accounts maintained with certain lenders could not be obtained and bank statements have not been provided by them. In absence of the same, we are unable to confirm the accuracy of the balances appearing in the books of accounts. As the borrowings have been considered as NPA, no interest has been charged by the lenders since then. The Company has provided interest on borrowings based on the average interest rate as worked out by the management. In the absence of confirmation / communication from lenders, we are unable to reconcile interest accrued on the borrowings with lenders.
- d) As stated in Note 7, the Company has netted off foreign trade receivables against the outstanding payable to the same parties aggregating to about INR 65,455.07 Lakhs. These netting off are subject to approval from Authorised Dealer as per Reserve Bank of India (RBI) guidelines. The Company is in the process of obtaining necessary approvals for the same. We are unable to comment on the impact, if any, on the financial results of the pending approval. The Company has also not obtained extension of time period for receivables against exports not realized within the stipulated period from RBI.
- e) The Company is irregular in depositing its statutory dues including provident fund, ESIC, professional tax and income tax deducted at source (TDS), we are unable to comment on the impact, if any, on the financial results for non-compliances due to which the company may be liable to penal consequences under the respective laws.
- f) In view of our observations in para (a) to (e) above, we have not been able to perform complete limited review procedures in accordance with SRE 2410 and have been unable to determine the adjustment, if any, that are necessary in respect of the Company's income and expenses for the quarter and half year ended September 30, 2018 and related presentation and disclosures in the financial results.

Qualified Conclusion

Because of the very substantive nature and significance of the matters stated above, we have not been able to obtain moderate assurance that the unaudited financial results are free of material misstatement or state whether the unaudited financial results are prepared in accordance with the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Emphasis of Matter

We draw attention to the following

- i) Note 6, wherein the management has prepared Unaudited financial results on going concern basis in spite of :
1. The company has reported loss after tax of INR 37,108.17 lakhs during the half year ended September 30, 2018 and net liabilities exceeds net assets by INR 55,291.44 lakhs;
 2. Lenders declared the company's Accounts as Non-Performing Assets.
 3. National Company Law Tribunal ("NCLT") has admitted petition for insolvency proceedings initiated by operational creditors against the Company vide order C.P. (IB) No. 1541/I&BP/NCLT/MAH/2017 dated November 1, 2018 for Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016.

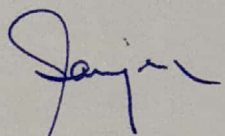


These conditions indicates that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

However, the financial results of the Company have been prepared on a going concern basis for the reasons stated in the said note.

Our Opinion is not qualified for above matter.

For GMJ & Co
Chartered Accountants
Firm Registration No: 103429W



CA Sanjeev Maheshwari
Partner
Membership No. 38755



Place : Mumbai
Date : November 14, 2018



Tara Jewels Ltd
Plot 29 (P) & 30 (P), Sub plot A,
SEEPZ SEZ, Andheri (E),
Mumbai 400 096
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www.tarajewels.in

November 14, 2018

To The Managing Director National Stock Exchange of India Limited Corporate Communication Department Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai – 400 051	To The General Manager BSE Limited Dept. of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
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Dear Sir/Madam,

Sub: Submission of Un-Audited Financial Results (Standalone) of the Company for Quarter and Half Year ended September 30, 2018

Dear Sir/Madam,

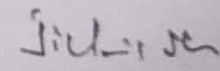
Pursuant to Regulation 33 of SEBI (Listing and Disclosure Requirements) Regulations, 2015, we attach Un-Audited Financial Results for Quarter and Half Year ended September 30, 2018. ***Powers of the Board is suspended. Company is under Insolvency Resolution Process, results are approved by Interim Resolution Professional (IRP) in consultation with Suspended Board.***

We also enclose herewith Limited Review Report of Statutory Auditors for your perusal.

Kindly take the same on record and acknowledge the receipt.

Thanking You,
Yours faithfully

For TARA JEWELS LIMITED


Pinakin Shah



IRP

Registration No. IBBI/IPA-002/IP-N00106/2017-18/10248

Registered Office : Tara Jewels Ltd., Plot No. 122, 15th Road, Near IDBI Bank, MIDC, Andheri (E), Mumbai - 400 093
Tel. +91 22 6641 7888 / Fax. +91 22 6641 7786

[CIN] L52393MH2001PLC131252

TARA JEWELS LIMITED

CIN - L52393MH2001PLC131252

Registered Office : Plot No 122, 15th Road, Near IDBI Bank, MIDC, Andheri (East), Mumbai - 400 093

Corporate Office : Plot No 29(P) and 30(P), Sub Plot A, SEEPZ, SEZ, Andheri (East), Mumbai - 400 096

www.tarajewels.in

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018

(Rs. In Lakhs)

Sr. No.	Particulars	Quarter Ended			Half Year End		Year Ended
		30.09.2018 (Unaudited)	30.06.2018 (Unaudited)	30.09.2017 (Unaudited)	30.09.2018 (Unaudited)	30.09.2017 (Unaudited)	31.03.2018 (Audited)
1	Revenue						
	a) Income from Operations	3,405.47	2,768.03	7,031.11	6,173.50	29,734.92	43,545.17
	b) Other Income	72.40	89.30	213.69	161.70	435.09	689.75
	Total Revenue	3,477.87	2,857.33	7,244.80	6,335.20	30,170.01	44,234.92
2	Expenses						
	a) Cost of Material Consumed	6,800.38	5,721.06	5,662.00	12,521.44	24,006.86	25,292.28
	b) Purchase of stock-in-trade	-	-	63.52	-	78.28	78.27
	c) Changes in inventories of finished goods, work-in-progress and stock -in-trade	21,140.39	313.58	873.56	21,453.97	2,432.76	12,082.17
	d) Excise duty	-	-	-	-	3.99	3.99
	e) Employee benefits expense	473.59	458.70	603.14	932.29	1,233.57	2,112.43
	f) Finance Costs	2,605.47	2,522.46	1,687.36	5,127.93	3,314.62	7,754.14
	g) Depreciation and Amortisation expense	336.38	332.88	441.82	669.26	883.57	1,592.98
	h) Other Expenses	861.15	1,877.33	1,825.47	2,738.48	3,076.52	6,877.05
	Total Expenses	32,217.36	11,226.01	11,156.87	43,443.37	35,030.17	55,793.31
3	Profit / (Loss) before exceptional item & tax (1 - 2)	(28,739.49)	(8,368.68)	(3,912.07)	(37,108.17)	(4,860.16)	(11,558.39)
4	Exceptional item	-	-	12,448.00	-	12,448.00	59,809.72
5	Profit / (Loss) before tax (3 - 4)	(28,739.49)	(8,368.68)	(16,360.07)	(37,108.17)	(17,308.16)	(71,368.11)
6	Tax Expense						
	a) Current tax	-	-	319.88	-	34.22	909.51
	b) Deferred tax	-	-	-	-	-	-
7	Net Profit / (Loss) for the period / year (5 - 6)	(28,739.49)	(8,368.68)	(16,679.95)	(37,108.17)	(17,342.38)	(72,277.62)
8	Other Comprehensive Income (OCI)						
	i. Items not to be reclassified to profit and loss	(1.29)	(1.58)	(37.84)	(2.87)	(37.84)	(71.11)
	ii. Income tax relating to Items that will not be reclassified to profit and loss	-	-	12.02	-	12.02	-
	iii. Items to be reclassified to profit and loss	-	-	-	-	-	-
	Total OCI	(1.29)	(1.58)	(25.82)	(2.87)	(25.82)	(71.11)
9	Total Comprehensive Income for the period / year (7+8)	(28,740.78)	(8,370.26)	(16,705.77)	(37,111.04)	(17,368.20)	(72,348.73)
10	Paid-up Equity Share Capital (Face Value Rs. 10 each)	2,462.29	2,462.29	2,462.29	2,462.29	2,462.29	2,462.29
11	Other Equity Excluding Revaluation Reserves as per Balance Sheet of previous accounting year						(20,642.71)
12	Earnings Per Share (face value of Rs.10 each) in (Not Annualised for quarterly figures)						
	(a) Basic	(116.72)	(33.99)	(67.74)	(150.71)	(70.43)	(293.54)
	(b) Diluted	(116.72)	(33.99)	(67.74)	(150.71)	(70.43)	(293.54)



Unaudited Standalone Balance Sheet as at September 30, 2018

(Rs. In Lakhs)

Particulars	As at 30.09.2018	As at 31.03.2018
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	6,817.58	7,972.80
Intangible Assets	113.01	136.75
Financial Assets		
Investments	1,565.75	1,720.90
Other Financial Assets	68.08	45.77
Deferred tax asset (net)	-	-
Other non-current assets	377.64	266.07
	8,942.06	10,142.29
Current assets		
Inventories	20,829.31	34,559.71
Financial Assets		
Trade receivables	10,393.06	29,467.84
Cash and Cash Equivalents	1,220.90	132.06
Bank Balances Other than above	284.02	3,644.68
Loans	16.17	24.08
Other Financial Assets	26.42	50.57
Other Current Assets	501.96	615.38
	33,271.84	68,494.32
TOTAL	42,213.90	78,636.61
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	2,462.29	2,462.29
Other Equity	(57,753.73)	(20,642.71)
	(55,291.44)	(18,180.42)
Liabilities		
Non Current Liabilities		
Financial Liabilities		
Borrowings	26.59	48.71
Provisions	440.27	422.27
	466.86	470.98
Current Liabilities		
Financial Liabilities		
Borrowings	70,747.02	70,077.46
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	-	0.22
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,028.24	13,474.18
Other Financial Liabilities	10,119.03	7,295.83
Other Current Liabilities	2,055.82	2,169.99
Provisions	55.81	55.81
Current Tax Liabilities (Net)	3,032.56	3,272.56
	97,038.48	96,346.05
TOTAL	42,213.90	78,636.61



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Notes:

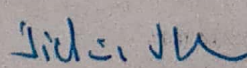
- 1 The Hon'able National Company Law Tribunal (NCLT), Mumbai Bench has admitted petition for insolvency proceedings initiated by lenders against the Company vide order C.P. (IB) No. 1541/I&BP/NCLT/MAH/2017 dated November 1, 2018 for Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016 and appointed Mr. Pinakin Surendra Shah as the Interim Resolution Professional under Insolvency and Bankruptcy Code 2016.
- 2 As the powers of the Board of Directors have been suspended, the above results have not been adopted by the Board of Directors. However, the same has been signed by the Chairman and Managing Director of the Company confirming accuracy and completeness of above financial results for the quarter and half year ended September 30, 2018. These financials results have thereafter been taken on record by the IRP on November 14, 2018 for filing with the Stock Exchanges. The same has also been subjected to Limited Review by the Statutory Auditors.
- 3 The above Standalone financial results have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Rules, 2016.
- 4 The Company is carrying inventories of raw materials and work in progress amounting to INR 14,510.15 lakhs and INR 5,848.67 lakhs respectively as on September 30, 2018. The company during the period ceased to continue operation in its wholesale business vertical. A significant part of the inventory of this vertical is not earmarked against orders as on date and the company is trying to utilise the same in the international Retail business. In view of above and the slowdown in jewellery market, the Company has on the basis of an internal evaluation provided INR 14,337.28 lakhs and INR 14,614.65 lakhs as write down of inventories of raw materials and work in progress respectively during the half year ended September 30, 2018.
- 5 The Company has provided for expected credit loss on trade receivables to the extent of INR 28,916.31 lakhs as on September 30, 2018 (out of which expected credit loss amounting to INR 771.58 lakhs has been provided during half year ended September 30, 2018), in view of, long outstanding receivables. The Company is in the process of actively following up with the customers for the recovery. It expects to either realise the balance dues or recover the material supplied.
- 6 The Company has accumulated losses resulting in substantial erosion of its net worth and incurred net cash losses in the current quarter. The current liabilities of the Company exceeded its current assets as on September 30, 2018. Lenders declared the company's Account as Non-Performing Assets and Company is unable to serve the debt outstanding. These conditions may cast doubt about the Company's ability to continue as a going concern.
- 7 The Company has made exports to and imports from the same parties. The Company intends to settle these transactions by netting-off of export receivables against import payments. For export trade receivables, which are not realised within the credit period, the Company is in the process of seeking necessary approvals for extension of time from the Authorised Dealer.
- 8 Effective from 1st April 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers'. The adoption of this Standard did not have any impact on profits, retained earnings and earnings per share of the company.
- 9 The Company operates in only one primary business segment i.e. Diamond and Gold Jewellery. Hence, information relating to primary segments is not required to be separately disclosed.
- 10 Previous period / year figures have been reclassified to confirm with the current period's presentation, wherever applicable.

For Tara Jewels Limited


Rajeev Sheth
Chairman and Managing Director
DIN : 00266460



Taken On Record


Pinakin Surendra Shah
(Interim Resolution Professional)
IP Registration No. : IBBI/IPA-002/IP-N00106/2017-18/10248

Place : Mumbai
Dated : 14.11.2018

