

WINSOME DIAMONDS AND JEWELLERY LIMITED



28th Annual Report
2013-2014
(01/10/2013 to 31/03/2014)

BOARD OF DIRECTORS	Mr. Jaikumar Kapoor	Director (w.e.f. 10 th January, 2014)
	Mr. Harish Mehta	Director (w.e.f. 16 th October, 2013)
	Mr. S. P. Tanwar	Nominee Director (w.e.f. 27 th September, 2013)
	Mr. Harimohan Namdev	Director (w.e.f. 10 th January, 2014)
	Mr. Ramesh I. Parikh	Director-Finance (upto 28 th February, 2014)
	Mr. R. Ravichandran	Director-Operations (upto 6 th December, 2013)

COMPANY SECRETARY **Mr. Asish Narayan**

AUDITORS **M/s. R. C. Reshamwala & Co.**
Chartered Accountants

BANKERS

Standard Chartered Bank
Punjab National Bank
Export-Import Bank of India
Canara Bank
State Bank of Hyderabad
Bank of Maharashtra
Oriental Bank of Commerce
Union Bank of India
Central Bank of India
AXIS Bank Limited
Vijaya Bank
Bank of India
State Bank of Mauritius Limited
IDBI Bank Limited

ADMINISTRATIVE OFFICE 906/907/908, 9th Floor, The Plaza
Near Dharam Palace, 55 Gamdevi
Grant Road, Mumbai – 400 007, India

REGISTERED OFFICE Kesharba Market – 2
Gotalawadi, Katargam
Surat – 395 004, India

REGISTRAR & TRANSFER AGENT Link Intime India Pvt. Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Road, Bhandup (West)
Mumbai – 400078, India

NOTICE

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Winsome Diamonds and Jewellery Limited will be held on Tuesday, the 30th day of September, 2014 at Mahida Bhawan, Icchanath, Opp. S.V.R. Engineering College, Dumas Road, Surat 395 007 at 12.30 p.m. to transact the following business:

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet for the period (6 months) ended 31st March, 2014, the Profit and Loss Account for the period ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in place of Mr. Harish Mehta (DIN: 05316274), who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To re-appoint M/s. R. C. Reshamwala & Co., Chartered Accountants, Mumbai (Firm Regn. No. 108832W), as the Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

AS SPECIAL BUSINESS:

4) Appointment of Mr. Jaikumar Kapoor as Director

To consider and, if thought fit, to pass, with or without modification if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Jaikumar Kapoor (DIN: 00337011) who was appointed as an Additional Director by the Board of Directors under the provisions of Section 260 of the Companies Act, 2013 read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Jaikumar Kapoor as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

5) Appointment of Mr. Jaikumar Kapoor as Managing Director

To consider and, if thought fit, to pass, with or without modification if any, the following resolution as an Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 (‘the Act’) and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule V of the Act and subject to the approval of the Central Government, consent of the Company be and is hereby accorded by way of a special resolution

to the appointment of and terms of remuneration payable to Mr. Jaikumar Kapoor (DIN No. 00337011) as Managing Director for a period of three years for a period of 3 years with effect from 1st July, 2014 upon the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT Board of Directors or a committee thereof be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

6) Appointment of Mr. Harimohan Namdev as an Independent Director

To consider and, if thought fit, to pass, with or without modification if any, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr. Harimohan Namdev (DIN : 02658937) who was appointed as an Additional Director by the Board of Directors w.e.f 10th January, 2014 in terms of Section 260 of the Companies Act, 1956 (corresponding to Section 161(1) of the Companies Act, 2013) read with Article 147(1) of the Articles of Association of the Company, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Harimohan Namdev as a candidate for the office of Director of the Company, be and is hereby appointed as Non Executive Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Harimohan Namdev (DIN : 02658937), who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 33rd Annual General Meeting in the calendar year 2019.”

By Order of the Board of Directors
For **Winsome Diamonds and Jewellery Limited**

Place : Mumbai
Date : 12th August, 2014

Asish Narayan
Company Secretary

ANNUAL REPORT 2013-14

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

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) The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 3) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 4) Pursuant to Section 91 of the Companies Act, 2013, and in accordance with Clause 15 and 16 of the listing agreement(s), the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 24th September, 2014 to Tuesday, 30th September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
- 5) Explanatory Statement pursuant to Section 102(1)(a) of the Companies Act, 2013 is annexed herewith and forms part of the notice.
- 6) Brief resume of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting as per Clause 49 is mentioned in Corporate Governance Report which forms part of the Annual Report.
- 7) Shareholders seeking information with regard to Accounts are requested to write to the Company at an early date to enable the management to keep the information ready.
- 8) Shareholders are requested to bring their copy of Annual Report to the Meeting.
- 9) The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28th August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participant at the earliest to avail the benefits of dematerialization.
- 10) Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividends for the financial year ended as on 31st March, 2007 and thereafter, which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, pursuant to Section 125(1) of the Companies Act, 2013.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th December, 2013 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last Date for Claiming Dividend
31.03.2007 (01.04.2006–31.03.2007)	30.08.2007	30.08.2014
31.03.2008 (01.04.2007–31.03.2008)	26.09.2008	26.09.2015
31.03.2010 (01.04.2009–31.03.2010)	30.09.2010	30.09.2017
31.03.2011 (01.04.2010–31.03.2011)	30.09.2011	30.09.2018

According to the provisions of Section 125(3) of the Companies Act, 2013 that the person whose amounts referred to in clauses (a) to (d) of sub-section (2) of Section 205C transferred to Investor Education and Protection Fund, after the expiry of the period of seven years as per provisions of the Companies Act, 1956 (1 of 1956), shall be entitled to get refund out of the fund in respect of such claims in accordance with rules made under this section.

- 11) In order to provide protection against fraudulent encashment of the warrants, Members holding Share Certificates in physical form are requested to notify any change in their addresses or bank mandates immediately to the Company's Registrar and Transfer Agent, Link Intime India Private Limited, Unit: Winsome Diamonds and Jewellery Limited, C-13 Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (West), Mumbai - 400 078. Phone: (91-22) 25946970. Fax: (91-22) 25946969 /25962691. E-Mail: rnt.helpdesk@linkintime.co.in, Website: www.linkintime.co.in.
- 12) Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- 13) Shareholders/Investors are requested to make all correspondences in connection with registration of transfer of shares, non-receipt of dividend, annual report, change of address, bank mandate, issue of duplicate, split and consolidated share certificate, dematerialization of shares, rematerialization of shares, transmission, transposition, deletion and other grievances etc., by addressing letters directly to the Company's Registrar and Transfer Agent, Link Intime India Private Limited and a copy to the Company at 906/907/908, 9th Floor, The Plaza, Near Dharam Palace, 55, Gamdevi, Grant Road, Mumbai- 400007 quoting their registered folio number or their client ID number with DP ID number to enable the Company to resolve the Shareholders' grievances smoothly and speedily.
- 14) Ministry of Corporate Affairs (MCA) has issued Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 propagating "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail). In view of the above, Company proposes to send all future shareholders' communication like Notices, Company's Annual Reports etc. through electronic mode. This will also ensure prompt receipt of communication and avoid loss in postal transit.

We intend using shareholder's e-mail id to send various Notices / Correspondences etc. in future. If your e-mail is not registered with your Depository Participant, kindly register the same at the earliest.

In case you are holding shares in physical mode, please forward your e-mail id to the Company or its Registrars, M/s. Link Intime India Private Limited.

15. The Company has appointed Mr. Alwyn D'Souza as Scrutinizer for e-voting process for the purpose of ensuing Annual General Meeting as prescribed under the Companies Act, 2013.

16. Voting through electronic means

In terms of the provisions of section 108 of the Companies Act, 2013 (the Act) read with rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "the Rules" for the purpose of this section of the Notice) and clause 35B of the listing agreement, the Company is providing facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 22nd August 2014 (End of Day) being the Cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of members, entitled to participate in the e-voting process, through the e-voting platform provided by CDSL.

The instructions for e-voting are as under:

In case of members receiving e-mail:

Log on to the e-voting website www.evotingindia.com

Click on "Shareholders" tab.

Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"

Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

- Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. - In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.
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- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant Winsome Diamonds and Jewellery Limited on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.

After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 22.09.2014 (9.00am) and ends on 24.09.2014 (6.00pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22.08.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) (a) OF THE COMPANIES ACT, 2013.

Item No. 4

Mr. Jaikumar Kapoor was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 10th January, 2014. Mr. Jaikumar Kapoor will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Jaikumar Kapoor for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Jaikumar Kapoor is an Executive Director of the Company. He is Fellow Chartered Accountant and has practicing experience of more than 40 years. He is also Law Graduate from Government Law College. He had worked as H.O.D. of Account Department and has led the team along with the Principal at H.R. College of Commerce & Economics, Mumbai.

He was also a visiting professor at Bombay Hospital for BITS PILLANI COURSE on Hospital Management.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mr. Jaikumar Kapoor is in any way, concerned or interested in the said resolution.

Item No.5

The Board of Directors of the Company at its meeting held on 23rd June, 2014 has unanimously appointed Mr. Jaikumar Kapoor as Managing Director w.e.f 1st July, 2014 for a period of 3 years subject to the requisite approvals of Consortium banks, Central Government and Shareholders. The Company has also made an application to Standard Chartered Bank, the consortium leader for its requisite no objection certificate for appointment of Managing Director. The appointee Mr. Jaikumar Kapoor has been associated with the Company since the inception of the Company and had been designated as Chief Financial Officer (CFO) of the Company since the financial year 2005-06.

The following are the main terms and conditions of appointment of Mr. Jaikumar Kapoor as Managing Director of the Company:

Tenure of appointment: The appointment of Mr. Jaikumar Kapoor is for a period of 3 years with effect from 1st July, 2014.

Nature of Duties; The Managing Director shall have the general control, management and superintendence of the business of the Company subject to the supervision and control of the Board.

Remuneration: 2,50,000 per month (which is within the ceiling limit prescribed under the Act)

This appointment may be terminated by either party by giving to the other one months' notice to other party of such termination or. If at any time Managing Director cease to be Director of the Company, he shall cease to Managing Director in terms of the agreement and such agreement shall terminate forthwith.

In compliance with the provisions of Section 196, 197 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the terms of appointment and remuneration stated above are now being place before the members for their approval.

Mr. Kapoor has reached the age of 70 years in the month of May, 2014. Part I of Schedule V to the Companies Act, 2013 requires approval of shareholders for appointment in such case by way of special resolution.

The Directors recommend the resolution set out in item No.5 of the accompanying notice as a Special Resolution.

None of the Directors of the Company or Key Managerial Personnel or their respective relatives other than Mr. Jaikumar Kapoor are concerned or interested in the said resolution

Item No. 6

Mr. Harimohan Namdev was inducted on Board as an Additional Director of the Company by the Board of Directors at its meeting held on 10th January, 2014. Mr. Harimohan Namdev will hold office as an Additional Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Harimohan Namdev for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Mr. Harimohan Namdev is a Non-Executive Director of the Company. He is a Member of The Institute of Company Secretaries of India and he is also Law Graduate. Mr. Namdev is a practicing Company Secretary with Rich Experience of Corporate Laws and Labour Laws, with a good hand in Finance, Taxation and Accounts.

In the beneficial interest of the Company, your Directors recommend the Ordinary Resolution for approval.

None of the Directors of the Company other than Mr. Harimohan Namdev is in any way, concerned or interested in the said resolution.

All the documents referred to in the accompanying notice shall be available for inspection at the Registered Office of the Company on any working day between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the meeting.

By Order of the Board of Directors
For **Winsome Diamonds and Jewellery Limited**

Place : Mumbai
Date : 12th August, 2014

Asish Narayan
Company Secretary

DIRECTORS' REPORT

To,
The Members

The Directors present the Twenty-Eighth Annual Report together with the Audited Accounts for the 6 months accounting period ended 31st March, 2014.

The Company, during the period under review, after the unfortunate and unforeseen events of the past 18 months, has not been able to resurrect itself and is not hopeful of a revival in the near future since revival is dependent on receipt of realization of export bills from defaulting overseas customers. The salient figures of the 6 month ended March 31, 2014 are produced below.

FINANCIAL RESULTS

(₹ in Crore)

Particulars	6 Months Period Ended 31 st March, 2014	18 Months Period Ended 30 th September, 2013
Total Income	4.29	7130.71
Profit before Interest and Depreciation	0.01	(70.90)
Less: Finance Charges (Net)	253.39	345.49
Depreciation	2.95	11.73
Profit before Tax	(256.33)	(428.12)
Provision for Tax	1.33	(1.85)
Profit after Tax	(257.66)	(426.27)
Add : Balance in Statement of Profit and Loss		
Brought Forward	(77.76)	348.51
Profit Available for Appropriation	(335.43)	(77.76)
Proposed Dividend	-	-
Corporate Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
Transfer to General Reserve - Foreign Exchange/Metal Price Fluctuation	-	-
Balance Carried Forward	(335.43)	(77.76)
Total	(335.43)	(77.76)

AUDITORS' REPORT

The qualifications in the Auditors' Report (*in italics*) are followed by appropriate reply and explanation (**in bold**) as under :

The Company having liquidity constraints and to save on costs, decided to conduct the audit internally (Refer Note No. 7 of Annexure to the Auditors' Report).

The Company has not paid statutory dues amounting to Rs. 12,37,443/- it unfortunately got delayed due to liquidity constraints (Refer Note No. 9A of Annexure to the Auditors' Report).

Overseas customers have confirmed the balances due from them. As the group of overseas customers have claimed to have suffered heavy losses, they are unable to pay in time and have sought very long period to meet their obligations. As a result of this short term funds have got blocked for long term. (Refer Note No. 17 of Annexure to the Auditors' Report).

1. Basis for Qualified Opinion

- A. *In accordance with Accounting Standard - 11 (Standard on The Effects of Changes in Foreign Exchange Rates), the Company is required to value its monetary assets and liabilities viz foreign currency trade receivables and trade payables at the foreign exchange rate prevailing on the date of the balance sheet. The Company has not carried out such valuations. Accordingly the exchange gain for the period is understated, loss for the period is overstated by Rs. 500,48,00,336 (net), trade receivables are understated by Rs. 506,19,59,103 and trade payables are understated by Rs. 5,71,58,767 (Refer Note No. 7 (b), 14(b) and Note 19(c)).*
- **Export Receivables and Overseas Trade Payables had been restated based on exchange rate as at 31.03.2013. In view of persistent defaults by overseas customers in clearing outstanding dues, the same have been carried forward at the same rate (based on exchange rate as at 31.03.2013) as it is deemed expedient not to take cognizance of depreciation in rupee vis-à-vis US dollar on notional basis when outstanding amounts are expected to be realized over an uncertain period of time. Since the Company does not have any other cashflows to arrange for remittances to overseas trade creditors and expects to defray these liabilities out of realisation of export receivables, the same also have not been restated based on exchange rate as at the date of balance sheet but have been carried forward based on exchange rate as at 31.03.2013. Had it been restated on the basis of exchange rate as at 31.03.2014, the amount payable would have been higher by Rs. 57,158,767/-.**
- B. *The Company has made long term investments in Forever Precious Diamonds and Jewellery Ltd. (Forever) amounting to Rs. 1,411,710,802, thereby resulting in it holding a 49 % stake in the equity of that company. The said investments continue to be valued at cost. As stated in Note No. 12 A 2, in the view of the management, provision for diminution in value of investments as per the requirements of Accounting Standard -13 (Accounting for Investments) is not considered necessary and hence not made. We have been provided with the financial statements of Forever for the period ended September*

2013. We have observed that there are no significant business operations in Forever. Further the auditors of Forever have qualified the financial statements and termed the company as a non-going concern. In view of the above the Company should have provided the diminution in value of investments amounting to Rs. 1,411,710,801. Accordingly the loss for the year have been understated and investments overstated by Rs. 1,411,710,801.

- **Forever Precious Jewellery and Diamonds Limited is also in the process of initiating legal action against its defaulting overseas customers and is hopeful of recovering its dues and therefore no diminution in the value of investments is considered.**

2. Basis for Disclaimer of Opinion

A. In respect of Trade Receivables amounting to Rs. 4,745,59,96,865 the auditors have not received any confirmations of balances. The management has obtained confirmations of balances from the respective parties only as on 31st March, 2013 and none thereafter. There have been defaults on the payment obligations by the debtors on the due dates. Various attempts have been made by the management and lenders for recovery however such attempts have not resulted into any significant collections or getting commitment from the parties regarding schedule of payments which are acceptable to the management / lenders. In view of the above we are unable to comment on the realisability of the debts and any provision to be made for unrealisability in the carrying amounts of these balances and the consequential impact, on the financial statements. (Refer Note 14 and Note 16 to the financial statements)

- **Against the defaulting overseas customers the company has initiated proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to file commercial cases before the Sharjah Court.**

B. As mentioned in Note No 1 regarding preparation of accounts on a Going Concern basis and the reasons stated therein and Note No. 27 of the financial statements detailing the developments that have happened in the previous period and the the period under audit, the Company's operating results have been materially affected due to various factors including non availability of finance in view of the consortium bankers recalling the financial facilities granted. These events cast significant doubts on the ability of the Company to continue as a going concern since the volumes of business have also drastically dropped in the last 6 months. The appropriateness of the going concern assumption is dependent on the Company's ability to raise adequate finance from alternate means and/

or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations. In absence of any convincing audit evidences, no positive steps taken by the management, non recovery of trade receivables on due date, non payment of liabilities including statutory dues, financial difficulties faced by the company due to recalling of bank finance facilities and in view of multiple uncertainties stated above, we are unable to determine the possible effects on the financial statements. We are also unable to conclude on the ability of the company to carry on as a going concern.

- **Against the defaulting overseas customers the company has initiated proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to file commercial cases before the Sharjah Court.**

3. Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, specifically relating to the multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non payments of liabilities including statutory dues, financial difficulties faced by the Company due to recalling of bank finance, and non availability of books of accounts of Surat branch for our audit, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

- **Against the defaulting overseas customers the company has initiated proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to file commercial cases before the Sharjah Court.**

4. Emphasis of Matter

Subsequent to the Balance sheet date, the Central Bureau of Investigations (CBI) in April 2014 has seized the books of accounts along with other documents of the Surat Branch of the Company as a part of its investigations against the Company. We have since been provided with the backup data for the period maintained by the Company. In view of the above, since the supporting vouchers and other documents were not available for our verification we were unable to carry out the detailed audit of the branch. The management certified trial balance of the branch has been incorporated in the final financial statements. Accordingly total assets of Rs. 18,58,22,835 , total liabilities of Rs. 18,58,22,835 , total Income of Rs.74,92,392 and total expenses of Rs. 1,42,57,437 of Surat branch have been incorporated in the financial statements on the basis of the unaudited trial balance of the Surat branch.

- The books of Surat Branch were seized by the Central Bureau of Investigation during their search of the premises at Surat. The company has provided the financial statements of the branch to the auditors from the back-up data available. However, the supporting vouchers could not be provided for reasons mentioned above.

As per point 2(a) of CARO Report

In June 2013, the banks have placed the stock of diamonds belonging to the Head Office and the Mumbai Branch office of the Company valued at Rs. 39,35,00,031 in the joint custody. The bank had done a test check valuation as on 30th September, 2013 when officers of the Company were also present, of the said stock which has been then forwarded to the company. During the period the stocks of Chennai & Cochin SEZ were valued and put in the joint custody of the banks. Confirmation of the stocks lying with the bank has been confirmed by the management on the basis of the letter obtained from the bank as on that date. For the period under consideration, except for the stock lying in joint custody of the banks at HO, Cochin & Chennai where the management has not carried out the physical verification of inventory, physical verification of inventory at other places has been done by the management at regular intervals.

DIVIDEND

The Board of Directors do not recommend any dividend for the period under consideration due to loss incurred by the company.

OPERATIONS

The total income of the company during the period (six months) was Rs. 429 lacs as against Rs.713,071 lacs in the previous period (18 months). The company continued to incur loss due to interest levied by the banks on the default due to non-receipt of export realization, towards export bills, from the defaulting overseas customers.

Subsequent to devolvement in the preceding period, the company could not arrange for payment to the consortium towards Standby Letters of Credit issued by consortium banks, and as there being no activities in most of the units of the company during the period under consideration barring its unit in Goa, the company found it difficult to make the ends meet.

NOTICES FROM BANKS

Few bankers have classified the company and its directors as willful defaulters. However, the company has vehemently denied the same and reiterated that they were victim of circumstances beyond their control and are taking all possible steps to recover the same. The company, which had received from Standard Chartered Bank, notice under the SARFAESI Act, has denied all the allegations made therein. Some of the banks have sent notices to the promoter/ guarantor and also to the companies who have provided corporate guarantees.

The banks have lodged complaints with the Central Bureau of Investigation to carry out investigations against the company and its management. The agencies visited the premises of the directors and also its branches at Mumbai and Surat. The company has received notice from Economic Offence Wing (EOW) of Mumbai Police and have submitted statement for their observations. The management and the directors (former and present) have fully cooperated with the agencies during their investigations.

LEGAL SUIT

The company sent notices to the defaulting overseas customers in October 2013. As no positive actions were received the company considered filing of legal suit in Mumbai or in the UAE. As the filing of suit in Indian Court may not give any thrust in company's endeavor to impress upon defaulting overseas customers to make payment, it was decided to file the same in the UAE Court. Accordingly the company has initiated proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to filing of commercial cases before the Sharjah Court in May 2014. This definitely is a positive step for the company to ensure its bankers of their intentions to recover and pay their dues.

DIRECTORS

Mr. R. Ravichandran and Mr. Ramesh Parikh have resigned from the position of Director-Operations and Director-Finance with effect from 06.12.2013 and 28.02.2014 respectively. The Board accords its appreciation for their contributions to the business of the Company during their tenure as Whole-Time Director of the Company.

In accordance with the Articles of Association of the Company Mr. Harish Mehta, retire by rotation and being eligible, offer himself for re-appointment at the forthcoming Annual General Meeting.

Mr. Jaikumar Kapoor and Mr. Harimohan Namdev have been appointed on 10th January, 2014 as Additional Directors of the Company and holds office upto the date of forthcoming Annual General Meeting.

APPOINTMENT OF COST ACCOUNTANT

M/s. Gangan & Co., Cost Accountants, Mumbai have been appointed to submit the Compliance Report along with the requisite annexure duly certified by them for the 6 months accounting period ended 31st March, 2014 as required under rule 2 of the Companies (Cost Accounting Record) Rules, 2011 to the Central Government within the time prescribed under above referred rules.

FIXED DEPOSITS

The Company has not accepted any deposit, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 2013 made thereunder.

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INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of the Company were in receipt of remuneration in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 including Companies (Particulars of Employees) Amendment Rules, 2011 and Companies (Amendment) Act, 1988.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state that -

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the 6 months period ended 31st March, 2014 and of the loss of the Company for that financial year (6 months accounting period);
- that the Directors have 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; and
- the Directors have prepared the Annual Accounts on a going concern basis;

AUDITORS

M/s. R.C. Reshamwala & Co., Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956. The Audit Committee and Board of Directors recommend their re-appointment.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the provisions of 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this report.

INDUSTRIAL RELATIONS

None of the industrial units were functional, during the period under consideration, excepting Goa where the relations were cordial.

LISTING

The Equity Shares of the Company are listed at BSE Limited and National Stock Exchange of India Limited. The Company has paid the Annual Listing fee to BSE Limited. The Board of Directors have unanimously resolved to delist its equity shares listed at NSE voluntarily under regulation 6(a) of SEBI (Delisting of Equity Shares) Regulations, 2009.

INTERNAL CONTROL SYSTEM

The Company's internal control systems, governed by time proven practices are supplemented by well-established audit process that assists management in identifying issues and associated risks and ensures that all assets are safeguarded and protected against any loss.

Internal audit, an independent appraisal function, examines and evaluates the adequacy and effectiveness of the internal control system, appraises periodically about activities and audit findings to the Audit Committee, statutory auditors and the management.

AUDIT COMMITTEE

During the period under review the Audit Committee was reconstituted after cessation of Mr. Ramesh Parikh as Director-Finance. Mr. Jaikumar Kapoor had been inducted as member of the Audit Committee replacing Mr. Ramesh Parikh. The reconstituted Audit Committee comprise of following Directors:

1. Mr. Harish Mehta, Chairman
2. Mr. Satya Prakash Tanwar, Member
3. Mr. Jaikumar Kapoor, Member

CORPORATE GOVERNANCE

The Company has been in compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, save and except those conditions which could not be complied with owing to lack of proper composition of Board of directors.

Report on Corporate Governance, Management Discussion and Analysis and Auditor's Report on compliance with the Corporate Governance requirements have been included in this Annual Report in separate sections.

ACKNOWLEDGEMENTS

The Board of Directors wishes to thank Government of India, bankers, customers, suppliers, shareholders, other business associates and employees of the Company for the continued co-operation and unstinted support extended to the Company.

On behalf of the Board of Directors

Place : Mumbai
Date: 30th May, 2014

Jaikumar Kapoor
Director

Harish Mehta
Director

ANNEXURE TO THE DIRECTORS' REPORT

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The particulars regarding conservation of energy are not applicable to the Company as the Diamond Industry is not covered under the schedule prescribed by the said Rules.

B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Research and Development (R & D) :

- (1) Specific areas in which R & D is carried out by the Company Manufacture of jewellery as per international standards is an area in which general research and development work pertaining to the manufacturing process is carried out by the Company.
- (2) Benefits derived as a result of the above R & D
Improvement in productivity and cost reduction.
- (3) Future Plan of Action
Will be formulated at appropriate time.
- (4) Expenditure on R & D:

(a) Capital	)
(b) Recurring	) Included in the
(c) Total	) manufacturing cost.
(d) Total R & D expenditure as a percentage of total turnover	)

Technology absorption, adaptation and innovation:

- (1) Efforts in brief, made towards technology absorption, adaptation and innovation

The Company is monitoring the technological up-gradation taking place internationally in the field of diamond and jewellery manufacturing and the same are being reviewed for implementation.

- (2) Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

- 1) Product improvement
- 2) Cost reduction
- 3) Import substitution in respect of main consumables

- (3) In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :

- | | | |
|--|---|-----|
| (a) Technology Imported | } | |
| (b) Year of Import | } | |
| (c) Has technology been fully absorbed ? | } | |
| (d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action | } | Nil |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company's main line of business is the manufacture and export of cut and polished diamonds and jewellery.

Total Foreign Exchange Earned ` Nil

Total Foreign Exchange Used ` Nil

The foreign exchange used includes the remittances made for raw materials which are under process and foreign exchange earned includes bills to be realised.

On behalf of the Board of Directors

Place : Mumbai

Date: 30th May, 2014

Jaikumar Kapoor
Director

Harish Mehta
Director

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CORPORATE GOVERNANCE

Corporate Governance practices are guided by culture, conscience and mindset of an organization and are based on principles of transparency and accountability with an aim to build confidence of its various stakeholders. The Company's philosophy on Corporate Governance is based on preserving core values and ethical business conduct.

BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2014, the Board of Directors comprised of 4 members, out of which three are Independent Directors and one Executive Director.

Board Meetings

The Board meets at least once in every quarter to review the quarterly results and other items of the Agenda and, if necessary, additional meetings are held.

Ten Board Meetings (including adjourned meetings) were held during the 6 months period ended 31st March, 2014. These were held on 16th October, 2013, 27th November, 2013, 30th November, 2013, 10th January, 2014, 30th January, 2014, 14th February, 2014, 26th February, 2014, 28th February, 2014, 1st March, 2014 and 5th March, 2014.

The following table gives attendance of the Directors in the Board Meetings (including adjourned meetings) along with the attendance in the last Annual General Meeting held on 27/12/2013 adjourned to 31/03/2014 :

Name of Director	Appointment / Cessation, if any, during the period		Category	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last A.G.M. held on 27/12/2013	Attendance at the Adjourned A.G.M. held on 31/03/2014
	Date of Appointment	Date of Cessation					
Mr. R. Ravichandran	09.05.2012	06.12.2013	Executive Director	3	3	No	No
Mr. Ramesh I. Parikh	09.05.2012	28.02.2014	Executive Director	8	8	Yes	No
Mr. S. P. Tanwar	27.09.2013	-	Nominee & Independent Director	10	10	Yes	Yes
Mr. Harish Mehta	16.10.2013	-	Non-Executive & Independent Director	10	9	No	Yes
Mr. Jaikumar Kapoor*	10.01.2014	-	Executive Director	7	7	No	Yes
Mr. Harimohan Namdev	10.01.2014	-	Non-Executive & Independent Director	7	6	No	Yes

* The Board of Directors have appointed Mr. Jaikumar Kapoor as Managing Director w.e.f 01/07/2014 subject to requisite approvals.

Directorships and Committee positions held by the Directors

In accordance with Clause 49 of the Listing Agreement, none of the Directors is a member in more than ten Committees or is acting as a Chairman of more than five committees across companies in which he is Director. For the purpose of considering the limits of the committees, only the chairmanship and membership of the Audit Committee and Shareholders Grievances Committee are considered.

The Directorships and Committee positions held by the Directors in various other companies as on 31st March, 2014 are given below:

Name of Director	Category	Number of Directorship in Other Companies	Number of Committee positions held in other Companies	
			Chairman	Member
Mr. S. P. Tanwar	Nominee Director	1	Nil	1
Mr. Harish Mehta	Director	2	1	Nil
Mr. Jaikumar Kapoor	Director	2	Nil	1
Mr. Harimohan Namdev	Director	1	Nil	1

Conduct of the Board Meetings

The day to day matters concerning the business is conducted by the Executives of the Company under the direction of Executive Directors of the Company with the supervision of the Board. The Board holds its meetings at regular intervals to review and discuss the performance of the Company and other pertinent issues relating to the Company.

The Agenda of the meeting is circulated in advance to the Board Members backed by background information to enable them to take appropriate decisions. The Board is kept informed of all major events/items and approvals taken wherever necessary

The regular information placed before the Board, inter-alia, includes:

- Quarterly results for the Company.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Materially important show cause, demand, prosecution notices and penalty notices, if any.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

Remuneration paid to Directors

Details of remuneration paid to Directors for the 6 months period ended 31st March, 2014.

(₹)

Sr. No.	Name of the Director	Board Meeting Sitting Fees	Audit Committee Sitting Fees	Salary Perquisites Super-annuation/ Commission/ESOP	Total
1.	Mr. R. Ravichandran	Nil	Nil	4,11,585	4,11,585
2.	Mr. Ramesh I. Parikh	Nil	Nil	8,75,000	8,75,000
3.	Mr. S. P. Tanwar	1,85,000	90,000	Nil	2,75,000
4.	Mr. Harish Mehta	1,25,000	70,000	Nil	1,95,000
5.	Mr. Jaikumar Kapoor	Nil	Nil	3,00,000	3,00,000
6.	Mr. Harimohan Namdev	80,000	Nil	Nil	80,000
	Total	3,90,000	1,60,000	15,86,585	21,36,585

Code of Conduct

A code of conduct for all Board members and senior management of the Company has been prepared. The code of conduct is available on the website of the Company www.winsomejewellery.com. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A signed declaration to this effect is enclosed at the end of this report.

Risk Management

As almost entire turnover of the company comprised exports and most of its procurement of raw materials were through imports, the company had Risk Management Policy primarily relating to Forward / Derivative Contracts and Hedging operations. These transactions and policy were reviewed periodically. Since March 2014, the operations have come to a halt and company does not have any underlying transactions requiring hedging. Apart from above, the company does not have elaborate risk management policy in relation to other commercial and operational risks.

COMMITTEES OF THE BOARD

As on 31st March, 2014 the Company had two committees of the Board, Audit Committee and Shareholders/Investors Grievance Committee. The decisions relating to the constitution of committees, appointment of members and fixing of terms of service for committee members are taken by the Board of Directors. Composition of the said committees, number of meetings held and attendance during the financial year is as follows:

a) Audit Committee

There were no Audit Committee in place from 1st October, 2013 to 15th October, 2013. Audit Committee was reconstituted w.e.f. 16th October, 2013 comprising of the following Directors:

1. Mr. Harish Mehta, Chairman
2. Mr. Satya Prakash Tanwar, Member
3. Mr. Ramesh I. Parikh, Member.

However consequent to the resignation of Mr. Ramesh I. Parikh, Director – Finance, the Audit Committee was reconstituted on 01.03.2014 replacing him with Mr. Jaikumar Kapoor.

As on 31st March, 2014 the Audit Committee comprised of the following Directors :

- 1) Mr. Harish Mehta, Chairman
- 2) Mr. S. P. Tanwar, Member
- 3) Mr. Jaikumar Kapoor, Member.

During the period under review, no internal audits carried out since the operations have come to standstill.

Seven Audit Committee Meetings (including adjourned meetings) were held during the 6 months ended on 31st March, 2014. These were held on 27th November, 2013, 30th November, 2013, 14th February, 2014, 26th February, 2014, 28th February, 2014, 1st March, 2014 and 5th March, 2014. The following table gives attendance of the Members in the Audit Committee Meeting:

Name of Members	Status	No. of Meetings Attended
Mr. Harish Mehta	Non-Executive & Independent Director	6
Mr. Satya Prakash Tanwar	Non-Executive & Nominee Director	7
Mr. Ramesh I. Parikh	Executive Director	6
Mr. Jaikumar Kapoor	Executive Director	2

The statutory auditors are permanent invitees to the audit committee. The Company Secretary acts as secretary of the committee. Members of the Audit Committee including the Chairman have accounting and financial management expertise. The Chairman of the Audit Committee attended both original Annual General Meeting and Adjourned Annual General Meeting (AGM) held on 27th December, 2013 and 31st March, 2014 respectively to answer shareholder's queries.

The Committee acts as a link between the management, statutory and internal auditors and Board of Directors to oversee the financial reporting process. The terms of reference, role and scope of Audit Committee are in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges read with section 177 of the Companies Act, 2013, which, inter-alia, includes the following:

- To review compliance with internal control systems;
- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors;
- To review quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company;
- Recommending to the Board, the appointment, re-appointment and if required, the replacement and removal of Statutory Auditors and fixation of Audit fees.

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b) Shareholder/Investor Grievances Committee

As on 31st March, 2014 the Shareholders/Investors Grievances Committee comprised of Mr. Harish Mehta (Chairman) and Mr. S. P. Tanwar, Member.

The Shareholders/Investors Grievances Committee looks into redressing investor's grievances like transfer of shares, non-receipt of shares, non-receipt of dividends, non-receipt of annual report, etc.

Name and designation of the compliance officer: Mr. Asish Narayan, Company Secretary.

During the year, the Committee met Once, details of which are as under:

Sr. No.	Date	Committee strength	No. of members present
1	14/02/2014	2	2

MANAGEMENT

Management Discussion and Analysis

Management Discussion and Analysis report forms part of the Annual Report and has been detailed separately in the report.

DISCLOSURES

- The particulars of transactions between the Company and its related parties as required by Accounting Standard (AS)-18 issued by the Institute of Chartered Accountants of India are set out in point 32 of Notes to financial statements as at and for the 6 months period ended 31st March, 2014 of the Annual Report.
- In preparation of financial statement, the Company has followed the applicable Accounting Standards referred to in Section 2 Clause (2) of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the annexure to the Notes to the Accounts.
- The Company has not made any fresh capital issue during the period under review.
- During the last three years, there were no strictures or penalties imposed on the Company either by SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to capital market.
- The Company has instituted a code of conduct for prevention of Insider Trading meant for Director(s) and Senior Management people. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Winsome Diamonds and Jewellery Limited, and cautioning them of the consequences of violations.
- The Company has adopted and complied with all the mandatory requirements under Clause 49 of the Listing Agreement and there is no case of violation or infringement of

the same during the period except for the period 01/10/2013 to 15/10/2013 during which Composition of Board was not proper.

- A qualified practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with 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 total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.
- The certification of the financial statements and the cash flow statement for the period is enclosed at the end of the report.

SHAREHOLDERS

Appointment / Re-appointment of Directors

Mr. Harish Mehta, Director, retire by rotation and being eligible, offer himself for re-appointment at the forthcoming Annual General Meeting.

The brief particulars of Director seeking appointments/re-appointments is given below:

Mr. Harish Mehta

Mr. Harish Mehta was appointed as a Director of the Company 16th October, 2013. Mr. Mehta is a Graduate and has passed LLB as well as CAIIB. He was Sr. Manager of Central Bank of India and worked as Internal Auditor for 5 Years. Post retirement, he has been working as Auditor for Corporate Branches of nationalized banks like Punjab National Bank, Oriental Bank of Commerce and Central Bank of India. Presently, he is working as an Auditor of Bank of India, Large Corporate Branch, Ahmedabad. He is Non-Executive Independent Director of the Company.

Mr. Jaikumar Kapoor

Mr. Jaikumar Kapoor was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 10th January, 2014.

Mr. Jaikumar Kapoor is an Executive Director of the Company. He is Fellow Chartered Accountant and has practicing experience of more than 40 years. He is also Law Graduate from Government Law College. He had worked as H.O.D. of Account Department and has led the team along with the principal at H.R. College of Commerce & Economics, Mumbai.

He was also a visiting professor at Bombay Hospital for BITS PILLANI COURSE on Hospital Management.

Mr. Harimohan Namdev

Mr. Harimohan Namdev was appointed as an Additional Independent Director of the Company by the Board of Directors as at its meeting held on 10th January, 2014.

Mr. Harimohan Namdev is a Non-Executive Director of the Company. He is a Member of The Institute of Company Secretaries of India and he is also Law Graduate. Mr. Namdev is a practicing Company Secretary with Rich Experience of Corporate Laws and Labour Laws, with a good hand in Finance, Taxation and Accounts.

Communication with shareholders

Winsome Diamonds and Jewellery Limited has its own web-site www.winsomejewellery.com and all important information relating to the Company, including results, press releases, etc. are posted on web-site. The results of the Company are published in leading newspapers like Business Standard / The Financial Express /Gandhinagar Western Times.

Investor Grievances

The Company has constituted a Shareholders/Investors Grievances Committee for redressing shareholders' complaints, as mentioned earlier in this report. Grievance Redressal Division/ Compliance Officer's e-mail ID as per clause 47(f) of Listing Agreement, exclusively for the purpose of registering complaints by investors: cs@winsomejewellery.com

Compliance

Certificate from the Auditors of the Company, M/s. R. C. Reshamwala & Company, Chartered Accountants, confirming the compliance with the conditions of corporate governance, as stipulated under Clause 49 of Listing Agreement, is annexed to the Directors Report forming part of the Annual Report.

General Body Meetings

Year	Location	Date	Time
2010-2011	Mahida Bhavan Icchanath Opp. S.V.R. Engineering College, Dumas Road, Surat 395007	30 th September, 2011*	11.30 a.m.
2011-2012		18 th January, 2012**	
		22 nd June, 2012***	12.30 p.m.
		29 th September, 2012	12.30 p.m.
2012-2013		27 th December, 2013	12.30 p.m.
		31 st March, 2014****	12.30 p.m.

*The following Special Resolutions were passed at the Annual General Meeting held on 30th September, 2011:

- Payment of Commission to Mr. Jatin R. Mehta as Chairman of the Company @ 0.50% of the Net Profit.
- Increase of limit of investment for Non Resident of Indians (NRIs) upto an aggregate 24%.
- Increase of Authorised Share Capital of the Company and Alteration of Article 4 of the Articles of Association.

** A Special Resolution under Section 81(1A) of the Companies Act, 1956 for Preferential Issue of Equity Shares was passed at the Extra Ordinary General Meeting held on 18th January, 2012.

*** The following Special Resolutions were passed at the Extra-Ordinary General Meeting held on 22nd June, 2012:

- Change of Name of the Company
- Payment of Commission to Mr. Jatin R. Mehta as Chairman of the Company upto 0.50% of the Net Profit.

**** 27th Annual General Meeting (AGM) of the Company originally held on 27th December, 2013 was adjourned. The adjourned AGM was held on 31st March, 2014.

General Shareholder Information:

Annual General Meeting:

Day, Date, time and venue
Tuesday, 30th September, 2014, 12.30 p.m.
Mahida Bhavan, Icchanath, Opp. S.V.R. Engineering College,
Dumas Road, Surat - 395 007.

Financial Calendar (tentative)

Financial year:

1st April, 2014 to 31st March, 2015

Results for the quarter ending 30th June, 2014

Second week of August, 2014

Results for the quarter ending 30th September, 2014

Second week of November, 2014

Results for the quarter ending 31st December, 2014

Second week of February, 2015

Results for year ending 31st March, 2014

Last week of May, 2015

Date of Book Closure Period

24th September, 2014 to 30th September, 2014

Listing of Equity Shares on Stock Exchanges and Payment of Listing Fees

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 023

Scrip Code: 507892

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block-G
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051

Symbol: WINSOMEDJ
Series : EQ

The Annual Listing Fees for the financial year 2014-2015 has been paid to BSE Limited.

DEMAT SEGMENT

ISIN : INE664A01015

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Market Price Data :

The price of the Company's Equity Shares-High, Low during each month in the last financial year:

MONTH	BSE (in ` per share)		NSE (in ` per share)		Indices : Sensex	
	High	Low	High	Low	High	Low
October, 2013	6.58	5.42	6.60	5.50	21205.44	19264.72
November, 2013	8.40	5.52	8.40	5.90	21321.53	20137.67
December, 2013	7.88	5.66	7.30	5.50	21483.74	20568.7
January, 2014	9.15	6.50	9.50	6.25	21409.66	20343.78
February, 2014	7.72	5.61	7.75	6.00	21140.51	19963.12
March, 2014	7.00	4.68	6.85	4.90	22467.21	20920.98

Registrar and Transfer Agent:

Link Intime India Pvt. Limited

Unit: Winsome Diamonds and Jewellery Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Road
Bhandup (West), Mumbai 400 078.

Phone : (91-22) 25946970.

Fax : (91-22) 2594 6969 / 2596 2691.

E-Mail: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

Share Transfer System

Shareholders/Investors are requested to send the share transfer related documents directly to the Company's Registrar & Transfer Agent, **Link Intime India Pvt. Limited** whose address is given above. Shareholder's/Investor's Grievance Committee is authorized to approve the registration of transfer of shares in the physical segment. All share transfer is completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

Company's Registered Office Address:

Winsome Diamonds and Jewellery Limited
Kesharba Market – 2, Gotalawadi
Katargam, Surat – 395 004
Gujarat State, India.

Phone: 0261-2535055 Fax: 0261-2533435

Investor's Service Cell:

Winsome Diamonds and Jewellery Limited
906/907/908, 9th Floor, The Plaza
Near Dharam Palace, 55, Gamdevi
Grant Road, Mumbai-400007
Phone: (022) 40046746; Fax (022) 49200333
E-mail: cs@winsomejewellery.com

Dematerialisation of Shares and Liquidity

The Equity Shares of the Company are compulsorily traded in electronic form with effect from 28th August, 2000. The shareholders who have not yet dematerialized their shares are requested to dematerialize the same by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialisation.

The total number of shares dematerialized as on 31st March, 2014 are 10,33,79,921 shares representing 96.97% of Share Capital. The Equity Shares of the Company are frequently traded at BSE Limited and National Stock Exchange of India Limited (BSE & NSE).

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : NIL

Location of Factories:

- 143-D Bommasandra Industrial Area, Hosur Road, Hebbagodi, Bangalore – 562 158.
- Plot No.1 and 1A, Tivim Industrial Estate, Karaswada, Mapusa, Goa – 403 526.
- Kesharba Market-2, Gotalawadi, Katargam, Surat – 395 004.
- Plot No. 17/SDF, 4th Floor, Cochin Special Economic Zone, Kakkanad, Kochi – 682 037, Kerala.
- Unit No.46, 2nd Floor, SDF-III, MEPZ-SEZ, Tambaram, Chennai – 600045.
- Manikanchan Special Economic Zone, Plot No.1, Block-CN Sector-5, Salt Lake City, Kolkata - 700 091.
- E-7, Marudhara Industrial Estate, IInd Phase Basni Jodhpur - 342 005.

Shareholding Pattern as on 31st March, 2014

CATEGORY	NO. OF SHARES HELD	% OF SHAREHOLDING
A. Promoter's Holding		
1. Promoters		
i) Indian Promoters:	2,13,210	0.20
a. Individuals	2,66,58,385	25.01
b. Bodies Corporate	-	-
ii) Foreign Promoters		
2. Persons acting in Concert	-	-
Sub Total	2,68,71,595	25.21
B. Non-Promoters Holding		
3. Institutional Investor		
a. Mutual Funds and UTI	36,500	0.03
b. Banks, Financial Institutions (Central / State Government Institutions/ Non-Government Institutions)	39,493	0.04
	-	-
	-	0.00
	100	57.70
c. Insurance Companies	6,15,10,087	
d. Foreign Bank		
e. FII's		
Sub Total	6,15,86,180	57.77

WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds and Jewellery Limited)



CATEGORY	NO. OF SHARES HELD	% OF SHAREHOLDING
4. Others	26,73,312	2.51
a. Private Corporate Bodies	17,84,300	1.67
b. Indian Public	1,30,24,319	12.22
c. NRIs	6,68,188	0.63
d. Any Other (Non-executive Directors and their Relatives)	0	0.00
Sub Total	15476807	14.51
GRAND TOTAL	10,66,07,894	100.00

Distribution of Shareholding as on 31st March, 2014

Shareholding of nominal value of `	No. of Shareholders	% to Total	Total Amount `	% to Total
Up to 5,000	41016	88.58	61556160	5.77
5,001 to 10,000	2948	6.37	22786160	2.14
10,001 to 20,000	1206	2.60	18100190	1.70
20,001 to 30,000	372	0.80	9414920	0.88
30,001 to 40,000	201	0.43	7200970	0.68
40,001 to 50,000	147	0.32	6881550	0.65
50,001 to 1,00,000	240	0.52	17294240	1.62
1,00,001 and above	173	0.38	922844750	86.56
Total	46303	100.00	1066078940	100.00

On behalf of the Board of Directors

Place : Mumbai
Date: 30th May, 2014

Jaikumar Kapoor
Director

Harish Mehta
Director

CERTIFICATION BY DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(As required by Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges)

To

The Shareholders and the Board of Directors

Winsome Diamonds and Jewellery Limited

I, Jaikumar Kapoor, Director and Chief Financial Officer of Winsome Diamonds and Jewellery Limited, to the best of my knowledge and belief, certify that:

- We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the 6 months period ended 31st March, 2014 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
- To the best of our knowledge and information:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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.
- We also certify, that based on our knowledge and belief there are no transactions entered into by the Company, which are fraudulent, illegal or violative of the Company's Code of Business Conduct and Ethics.
- The Company's certifying officers 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.
- The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the Audit Committee of the Company's Board of Directors:
 - All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - Significant changes in internal control during the year;
 - 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;
 - Significant changes in accounting policies during the year.

We further declare that all the Board Members and Senior Management of the Company have affirmed compliance with the Code of Business Conduct and Ethics for the 6 months period ended 31st March, 2014.

Mumbai
30th May, 2014

Jaikumar Kapoor
Director / Chief Financial Officer

Details of other Directorships held:

Sr. No.	Name of the Director	Directorship	Committee Membership	Committee Chairmanship
1	Mr. S. P. Tanwar	Forever Precious Jewellery and Diamonds Limited	Audit Committee	Nil
2	Mr. Harish Mehta	Shree Ganesh Elastoplast Limited	Nil	Audit Committee
		Forever Precious Jewellery and Diamonds Limited	Nil	Audit Committee
3	Mr. Jaikumar Kapoor	Forever Precious Jewellery and Diamonds Limited	Audit Committee	Nil
		Revah Corporation Limited	Audit Committee	Nil
4	Mr. Harimohan Namdev	Forever Precious Jewellery and Diamonds Limited	Audit Committee	Nil

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MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL OUTLOOK

Long term outlook for diamond market continues to be positive. A balanced market over the next four years, with a growing gap between supply and demand longer-term. The rough-diamond market is expected to remain balanced from 2013 through 2017. From 2018 onward, as existing mines get depleted and no major new deposits come online, supply is expected to decline, falling behind expected demand growth that will be driven by China, India and the US.

While characterized the diamond market in 2012, 2013 brought stability and the promise of higher prices in 2014. Asian countries' growing role in driving diamond demand is a topic that came up repeatedly in 2013. In particular, China and India came to the fore this year as important sources of demand for the gems. Over in India, diamonds began receiving increased attention midway through the year mainly because despite low gold prices, two factors have made it difficult to buy the precious metal. First, the rupee has fallen along with gold, essentially nullifying the metal's lower price, and second, taxes and import restrictions have made it harder for buyers to get their hands on the yellow metal. Faced with these circumstances, Indian jewelers began turning to "diamond jewellery and innovative products,"

INDUSTRY STRUCTURE AND DEVELOPMENT

Exports from the gems and jewellery industry are poised to reach US\$ 58 billion by 2015. the domestic market for gems and jewellery is likely to be around US\$ 35-40 billion by that time. Moreover, India's increasing orientation towards branded jewellery and organised format is helping consumers accept modern retail formats apart from conventional family jewellers. This change would act as a catalyst for further growth. Exports during 2013-14 was around Rs. as against Rs. 212,638 crores during 2012-13.

COMPANY'S PERFORMANCE

With the unforeseen and unexpected developments in the previous period the company could not come to terms during the six month period under consideration. There were no significant export realizations from defaulting overseas customers. The income during the six month period was Rs. 8.17 crores as against Rs. 7130.71 crores in the previous 18 month period.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Winsome Diamonds and Jewellery Limited

(Formerly known as Su-Raj Diamonds and Jewellery Limited)

We have examined the compliance of conditions of Corporate Governance by WINSOME DIAMONDS AND JEWELLERY LIMITED for the Six months period ended on 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for the purpose of review and the information and explanations given to us by the Company during the course of such review.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that Company has complied with the conditions of Corporate Governance generally as stipulated in the above mentioned Listing Agreement except the following:

1. Since 16th October 2013, the Board comprised of 2 independent and 2 whole time directors. Earlier with effect from 10th June 2013, due to resignation of two independent directors, the board comprised of only 2 wholetime directors. Consequently during the period 01st October 2013 till 15th October 2013 there was no compliance;

(Rs. In Lacs)

Particulars	2013-14 (6 months)	2012-13 (18 months)	2011-12 (12 months)
Total Revenue	429	717431	559855
PBT	(25633)	(42812)	12028
PAT	(25766)	(42627)	9575
EPS	(24.26)	(40.06)	13.15

OUTLOOK

With no significant monies being received during the period under consideration despite giving reminders and notice, the company has approached before the Conciliation Committee of Sharjah Federal Court of First Instance requesting them to transfer the cases to Competent Court. The company is hopeful of an early decision from the UAE Court to look forward to a more positive outlook.

OPPORTUNITIES, THREAT, RISKS AND CONCERNS

With the unforeseen developments over last one year and the company being acknowledged as a non-going concern the relevancy of opportunities, threats, risks and concerns are not applicable.

INTERNAL CONTROLS AND SYSTEMS

The company has internal control system commensurate with its size and nature of business to ensure efficiency of operations, compliance with applicable laws and other statutory regulations as well as with internal controls, protection of resources and assets.

HUMAN RESOURCES

The company considers its employees as most important resources assets. The company ensures that safe working conditions are provided both in the manufacturing units as well as in the offices of the company. During the period under consideration, most of the units were not functional due to unforeseen circumstances in the previous period, barring Goa unit where the industrial relations were cordial.

CAUTIONARY STATEMENT

The company has not made any projections, estimate nor any expectations for the future. The company is, however, expecting from the court at Sharjah a favourable judgement in enabling them to file a formal case against the defaulting overseas customers.

2. Consequently, there was no audit committee during the period 1st October, 2013 to 15th October, 2013 as prescribed under clause 49 (IIA).
3. Consequently the Shareholders' Grievance Committee was not proper during the period 01st October 2013 to 15th October 2013, as prescribed under sub clause (iii) of Clause 49 (IVG);
4. Non Compliance of the following provisions of Clause 49:
 - (a) Audit Committee met on 30th November 2013 to approve the quarterly accounts for the period 01st July 2013 to 30th September 2013, but the same were not approved as the audit for the 18 Months period ending on 30th September 2013 was not finalized by 30th November, 2013 as the audit as such was in progress at that point of time
 - (b) Audit Committee did not review the quarterly accounts for the period 01st October 2013 to 31st December 2013.
 - (c) Internal Audit has not been carried out during the entire period of 01st October 2013 to 31st March 2014.

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

For R.C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
(FRN: 108832W)

RAJNIKANT C. RESHAMWALA

PARTNER

Place : Mumbai

Dated : 30th May, 2014

MEMBERSHIP NO. 005502

INDEPENDENT AUDITOR'S REPORT

To the Members of WINSOME DIAMONDS AND JEWELLERY LIMITED (FORMERLY KNOWN AS SU-RAJ DIAMONDS AND JEWELLERY LIMITED)

1. Report on the Financial Statements

We have audited the accompanying financial statements of **Winsome Diamonds And Jewellery Limited (Formerly Known As Su-Raj Diamonds And Jewellery Limited)** ("the Company"), which comprise the Balance Sheet as at **31st March, 2014**, the Statement of Profit and Loss and the Cash Flow Statement for the period **1st October 2013 to 31st March, 2014**, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company prepared in accordance with the Accounting Standards notified under the Companies Act, 1956 read with the general circular 15/2003 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. 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.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

4. Basis for Qualified Opinion

- A. *In accordance with Accounting Standard - 11 (Standard on The Effects of Changes in Foreign Exchange Rates), the Company is required to report the monetary items using the closing rate. Accordingly the Company is required to value the monetary assets and liabilities viz foreign currency trade receivables and trade payables at the foreign exchange rate prevailing as on the date of the balance sheet. The Company has not carried out such valuations as at the period end. Accordingly the exchange loss for the period is understated, gain for the period is overstated by Rs. 1,355,674,462 (net). Trade receivables are understated by Rs. 506,19,59,103 and trade payables are understated by Rs. 5,71,58,767 till date (Refer Note No. 7 (b), 14(b) and Note 19(c))*
- B. *The Company has made long term investments in Forever Precious Diamonds and Jewellery Ltd. (Forever)*

amounting to Rs. 1,411,710,802, thereby resulting in it holding a 49 % stake in the equity of that company. The said investments continue to be valued at cost. As stated in Note No. 12 A 2, in the view of the management, provision for diminution in value of investments as per the requirements of Accounting Standard -13 (Accounting for Investments) is not considered necessary and hence not made. We have been provided with the financial statements of Forever for the period ended September 2013. We have observed that there are no significant business operations in Forever. Further the auditors of Forever have qualified the financial statements and termed the company as a non-going concern. In view of the above the Company should have provided the diminution in value of investments amounting to Rs. 1,411,710,801. Accordingly the loss for the year have been understated and investments overstated by Rs. 1,411,710,801.

5. Basis for Disclaimer of Opinion

- A. *In respect of Trade Receivables amounting to Rs. 4,745,59,96,865 the auditors have not received any confirmations of balances. The management has obtained confirmations of balances from the respective parties only as on 31st March, 2013 and none thereafter. There have been defaults on the payment obligations by the debtors on the due dates. Various attempts have been made by the management and lenders for recovery however such attempts have not resulted into any significant collections or getting commitment from the parties regarding schedule of payments which are acceptable to the management / lenders. In view of the above we are unable to comment on the realisability of the debts and any provision to be made for unrealisability in the carrying amounts of these balances and the consequential impact, on the financial statements. (Refer Note 14 and Note 16 to the financial statements)*
- B. *As mentioned in Note No 1 regarding preparation of accounts on a Going Concern basis and the reasons stated therein and Note No. 27 of the financial statements detailing the developments that have happened in the previous period and the period under audit, the Company's operating results have been materially affected due to various factors including non availability of finance in view of the consortium bankers recalling the financial facilities granted. These events cast significant doubts on the ability of the Company to continue as a going concern since the volumes of business have also drastically dropped in the last 6 months. The appropriateness of the going concern assumption is dependent on the Company's ability to raise adequate finance from alternate means and/*

or recoveries from overseas debtors to meet its short term and long term obligations as well as to establish consistent business operations. In absence of any convincing audit evidences, no positive steps taken by the management, non recovery of trade receivables on due date, non payment of liabilities including statutory dues, financial difficulties faced by the company due to recalling of bank finance facilities and in view of multiple uncertainties stated above, we are unable to determine the possible effects on the financial statements. We are also unable to conclude on the ability of the company to carry on as a going concern.

6. Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, specifically relating to the multiple uncertainties created due to factors such as non recovery of trade receivables on due dates, non payments of liabilities including statutory dues, financial difficulties faced by the Company due to recalling of bank finance, and non availability of books of accounts of Surat branch for our audit, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

7. Emphasis of Matter

Subsequent to the Balance sheet date, the Central Bureau of Investigations (CBI) in April 2014 has seized the books of accounts along with other documents of the Surat Branch of the Company as a part of its investigations against the Company. We have since been provided with the backup data for the period maintained by the Company. In view of the above, since the supporting vouchers and other documents were not available for our verification we were unable to carry out the detailed audit of the branch. The management certified trial balance of the branch has been incorporated in the final financial statements. Accordingly total assets of Rs. 18,58,22,835 , total liabilities of Rs. 18,58,22,835 , total Income of Rs.74,92,392 and total expenses of Rs. 1,42,57,437 of Surat branch have been incorporated in the financial statements on the basis of the unaudited trial balance of the Surat branch.

8. Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditors 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 said order.

2. As required by section 227(3) of the Companies Act, 1956 we report that:
 - (a) As described in the Basis for Disclosure of Opinion Paragraph, we were unable to obtain all the information and explanations to the best of our knowledge and belief 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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account except in relation to the financial records of Surat branch;
 - (d) Except for the effects of the matter described in the Basis for Qualified / Disclaimer Opinion / Emphasis of Matter paragraphs, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956, read with the general circular 15/2003 dated September 13, 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 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 R.C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
FRN 108832W

RAJNIKANT C. RESHAMWALA
PARTNER
MEMB NO. 5502

MUMBAI: May 30, 2014

ANNEXURES TO THE AUDITORS' REPORT

(Referred to in para 8 (1) of our auditors report of even date on the accounts for the period ended 31st March, 2014 of **WINSOME DIAMONDS AND JEWELLERY LIMITED (FORMERLY KNOWN AS SU-RAJ DIAMONDS AND JEWELLERY LIMITED)**).

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are being physically verified by the management at each branch in accordance with a phased programme of verification. As explained to us the procedure being followed is reasonable considering the size and nature of its business. Material discrepancies, if any will be highlighted once the physical verification has been completed. The same system was there in the prior years and it was reasonable and no material discrepancies were noticed in the prior years.
- (c) Substantial part of fixed assets has not been disposed off during the period.
2. (a) *In June 2013, the banks have placed the stock of diamonds belonging to the Head Office and the Mumbai Branch office of the Company valued at Rs. 39,35,00,031 in the joint custody of the Company and the banks. The bank had done a test check valuation as on 30th September, 2013 when officers of the Company were also present, of the said stock which has been then forwarded to the company. During the period under review the stocks of Chennai SEZ & Cochin SEZ were valued and put in the joint custody of the banks. Confirmation of the stocks lying with the bank has been confirmed by the management on the basis of the letter obtained from the bank as on that date. For the period under consideration, except for the stock lying in joint custody of the banks at HO, Cochin & Chennai where the management has not carried out the physical verification of inventory, physical verification of inventory at other places has been done by the management at regular intervals.*
- (b) The procedures of physical verification of inventories, other than that in the joint custody of the banks, as followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) *As stated by the management, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, where available, were not material. Since majority of the inventory is held in the joint custody of the consortium of banks, which was not available for our verification, we have relied on the certificate of the bank and the Company and hence we are unable to comment on the stock of inventory as at the period ended March 31, 2014.*
3. (a) As per the information and explanations given to us and the records produced before us for our verification, the Company has not granted unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As the company has not given any loans to parties mentioned in Para 3(a) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the company being prima facie prejudicial to the interest of the company does not arise.
- (c) Similarly the question of repayment of principal amount and interest on such loans does not arise.

- (d) 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.
- (e) As the company has not taken any loans from parties mentioned in Para 3(d) above, the question of determining whether the rate of interest and other terms and conditions of loans taken by the company being prima facie prejudicial to the interest of the company does not arise.
- (f) Similarly the question of repayment of principal amount and interest on such loans does not arise.
4. In our opinion and according to the explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regards to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal control.
5. (a) According to the information and explanations given to us and on the basis of the checks carried out by us, there are no contracts or arrangements referred to in Section 301 of the Act required to be entered in the register maintained under that section.
- (b) As the company has not entered into any contracts or arrangements with the parties mentioned in Para 5(a) above, the question of determining whether the prices are reasonable having regards to prevailing market price does not arise.
6. The Company has not accepted deposits from the public. As such, the question of complying with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other provisions of the Act and rules framed there under does not arise.
7. *The Company does not have an Internal Audit System. There has not been any internal audits carried out during the period under review.*
8. We have reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India, under clause (d) of sub-section (1) of Section 209 of the Act, to ascertain whether the prescribed accounts and records have been made and maintained. Prima facie the prescribed accounts and records are being made and maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
The records at the Surat branch are not available as the accountings records are in possession of the Central Bureau of Investigation (CBI).
9. (a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance dues, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable, have generally been delayed in being deposited with the appropriate authorities. The details of undisputed amounts due and outstanding for a period exceeding 6 months are as below :

Service Tax April 2013	Rs. 3,78,593
Service Tax September 2013	Rs. 8,55,643
Tax Deducted at Source August 2013	Rs. 3,207
	<u>Rs. 12,37,443</u>

- (b) According to the information and explanations given to us and the records of the Company as examined by us, there are no disputed dues of income-tax, sales-tax, VAT, service tax, customs duty, excise duty, wealth tax and cess, which have not been deposited.

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10. The Company does not have accumulated losses. However, the Company has incurred cash losses in the financial period covered by our audit. The Company has incurred cash losses in the immediately preceding financial period.
11. The Company has defaulted in payment of loans to banks during the previous financial period and continued in this financial period. The details of such default are as under:

Bank Name	Total Amount Defaulted	Date of Default started
Axis Bank - Term Loan	7,918,400	08/04/2013
Axis Bank	474,155,520	02/04/2013
Bank of India	906,139,200	06/04/2013
Bank of Maharashtra	2,937,920,826	02/04/2013
Canara Bank	6,722,236,193	18/03/2013
Central Bank of India	7,465,886,346	28/03/2013
EXIM Bank	714,743,985	05/04/2013
I D B I Bank	1,147,875,362	06/04/2013
Oriental Bank of Commerce	1,636,021,974	08/04/2013
Punjab National Bank	10,521,187,766	26/03/2013
Standard Chartered Bank	4,061,589,537	25/03/2013
State Bank of Hyderabad	1,277,706,509	08/04/2013
State Bank of Mauritius	463,330,128	18/04/2013
Union Bank of India	2,803,341,974	21/03/2013
Vijaya Bank	1,448,174,130	02/04/2013
TOTAL	42,588,231,950	

The above defaults are the primary amounts as on the date of the defaults continuing from the previous period. The said defaults do not consider any levies of interest and penal interest charged by the banks / provided by the company after the date of the defaults or its subsequent reversals by some banks. The payments made by the company to the banks after the above dates are also not considered as we are not in a position to ascertain whether the repayments are against interest / penalty or primary defaults. Some of the Banks have not confirmed the balances outstanding to them even after writing to them and in some cases the banks have stopped issuing physical bank statements and the company and the auditors have relied on e-statements generated from the web portals of the banks.

The Company does not have any outstanding dues from financial institutions and/or by way of debentures.

12. As informed to us, the company has not granted any loans and advances on the basis of security by way of pledge of any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
13. 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 are not applicable to the company.
14. In our opinion and according to the explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. The company has only invested in shares of subsidiaries / group companies for which proper records have been maintained. The said investments are held by the Company in its own name.
15. As informed to us, the Company had given guarantees of USD 5.5 mn for credit facilities availed by its overseas subsidiary, Su-Raj

Diamonds and Jewellery DMCC, from bank. During the previous period the Company has divested its entire equity holding in the said subsidiary. *However the said guarantee has still not been released since then, and the status of the guarantee is not available with the Company. Thus we are unable to comment on the terms and conditions of the guarantee being prima-facie prejudicial to the interests of the Company.*

16. On the basis of the review of the utilization of funds pertaining to term loans on overall basis and related information as made available to us by the Company, prima facie the term loans taken by the Company were applied for the purpose for which they had been raised.
17. In accordance with the instructions issued by the Institute of Chartered Accountants of India in the Guidance note on Revised Schedule VI to the Companies Act, 1956 with reference to current assets and according to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow of the company, we report that funds amounting to Rs 4,339,92,88,769 raised on short-term basis have been utilized for long-term investments.
18. The company has not issued any Preferential Allotment of shares to companies covered under section 301 of the Companies Act, 1956. Therefore, the provision of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
19. The company has not issued any debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
20. During the period under review, the company has not raised any monies by way of public issues. Hence the question of verification of end use of monies raised in public issue as per the provision of clause 4(xx) of the Companies (Auditor's Report) Order 2003 does not arise.
21. We have been informed by the management, that the Banks who have lent funds to the Company, outstanding as at the balance sheet date amounting to Rs. 4,169,24,49,373 have lodged complaints against the Company and some of its ex directors, with the Central Bureau of Investigation (CBI) and Mumbai Police. On the basis of the said complaints and subsequent F.I.R. the CBI and the Mumbai Police have been carrying out investigations, which are in progress. The Company has been subjected to searches by the CBI and the Mumbai Police. The Company is yet to be served with a copy of the F.I.R.

For R. C. RESHAMWALA & CO.
CHARTERED ACCOUNTANTS
FRN : 108832 W

RAJNIKANT C. RESHAMWALA
PARTNER
MEMBERSHIP NO.005502

MUMBAI: 30th May, 2014

AUDITED BALANCE SHEET AS AT 31st MARCH, 2014

	Note	Current Period ₹	Current Period ₹	Previous Period ₹
I. EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(a) Share Capital	2	1,064,709,820		1,064,709,820
(b) Reserves and Surplus	3	4,814,911,488		7,391,465,306
			5,879,621,308	8,456,175,126
(2) Non-Current Liabilities				
(a) Long-Term Borrowings	4	566,915		1,142,927
(b) Deferred Tax Liabilities (Net)	5	52,290,791		39,056,104
(c) Other Long Term Liabilities	6	10,000,000		10,000,000
			62,857,706	50,199,031
(3) Current Liabilities				
(a) Trade Payables	7	717,944,356		715,970,063
(b) Other Current Liabilities	8	43,607,724,966		41,352,528,352
(c) Short-Term provisions	9	345,481		307,518
			44,326,014,803	42,068,805,933
TOTAL			50,268,493,817	50,575,180,090
II. ASSETS				
(1) Non-Current Assets				
(a) Fixed Assets				
(i) Tangible Assets	10	471,457,168		498,503,499
(ii) Intangible Assets	11	1,228,892		1,535,064
(b) Non-Current Investments	12	1,416,729,554		1,416,729,554
(c) Long-term Loans and Advances	13	45,866,812		46,452,202
(d) Other Non-Current Assets	14	47,406,485,357		47,445,160,512
			49,341,767,783	49,408,380,831
(2) Current Assets				
(a) Inventories	15	451,911,235		451,563,827
(b) Trade Receivables	16	49,511,508		147,272,670
(c) Cash and Cash Equivalents	17	173,023,884		308,137,267
(d) Short-Term Loans and Advances	18	252,279,407		259,825,495
			926,726,034	1,166,799,259
TOTAL			50,268,493,817	50,575,180,090
Summary of Significant Accounting Policies	1			
Notes on Financial Statements	2 to 36			

As per our attached report of even date
For **R. C. RESHAMWALA & CO.**
Chartered Accountants
(FRN 108832 W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Asish Narayan
Company Secretary

Mumbai,
Date : 30th May, 2014

For and on behalf of the Board

Jaikumar Kapoor Director

Harish R. Mehta Director

Harimohan Namdev Director

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AUDITED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH , 2014

Particulars	Note	Current Period	Previous Period
REVENUE			
I. Revenue from Operations	19	42,939,513	71,307,092,507
II. Other Non-Operating Income	20	10,596,306	436,005,851
III. Total Revenue (I+II)		53,535,819	71,743,098,358
IV. EXPENSES			
Cost of Materials Consumed	21	14,818,261	69,618,523,628
Changes in Inventories of Finished goods, Stock-in-trade	21	6,674,007	1,886,407,865
Employee Benefits Expenses	22	11,956,054	61,501,291
Finance Costs	23	2,533,928,586	3,454,928,875
Depreciation and Amortization Expense	10 & 11	29,474,580	117,338,947
Other Expenses	24	20,003,462	885,665,506
Total Expenses		2,616,854,950	76,024,366,112
V. Profit before Tax (III-IV)		(2,563,319,131)	(4,281,267,754)
VI Tax Expense of continuing operations:			
Deferred Tax	6	13,234,687	(18,528,430)
VII Profit After Tax (PAT) (V-VI)		(2,576,553,818)	(4,262,739,324)
VIII Earnings per Equity Share	25		
Basic & Diluted in Rupees		(24.20)	(40.06)

As per our attached report of even date
For R. C. RESHAMWALA & CO.
Chartered Accountants
(FRN 108832 W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Asish Narayan
Company Secretary

Mumbai,
Date : 30th May, 2014

For and on behalf of the Board

Jaikumar Kapoor Director

Harish R. Mehta Director

Harimohan Namdev Director

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2014

	Current Period	Previous Period
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(2,563,319,131)	(4,281,267,754)
Adjustments for :		
Depreciation	29,474,580	117,338,947
Interest Income	(946,475)	(274,678,700)
Finance Cost	2,533,928,586	3,454,928,875
(Profit)/Loss on Sale of Assets (Net) and Investment	-	(110,128,374)
Operating Profit before working capital changes	(862,440)	(1,093,807,006)
Adjustments for :		
Trade and Other Receivables	145,602,316	(11,977,947,319)
Inventories	(347,408)	5,236,800,462
Trade Payable including Bank Loan recalled	2,257,208,869	13,315,089,250
	2,401,601,337	5,480,135,387
Taxes paid	(1,034,521)	(15,174,999)
Cash generated from operating activities	2,400,566,816	5,464,960,388
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,122,076)	(12,667,555)
Sale of Fixed Assets	-	53,622,542
Purchase of Investments	-	(642,500,000)
Sale of Investments	-	905,459,609
Interest Received	946,475	274,678,701
Net cash from investing activities	(1,175,601)	578,593,297
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Premium	-	135,000,000
Proceeds from Short Term borrowings	-	(5,127,447,347)
Proceeds from Long Term borrowings	(576,012)	-
Proceeds from Share Capital	-	22,500,000
Interest and Bank charges Paid	(2,533,928,586)	(3,454,928,875)
Net cash from financing activities	(2,534,504,598)	(8,424,876,222)
Net increase/(decrease) in cash and cash equivalent (A+B+C)	(135,113,383)	(2,381,322,537)
Cash and Cash equivalent as at 1st October, 2013 (Opening Balance)	308,137,267	2,689,459,804
Cash and Cash equivalent as at 31st March, 2014 (Closing Balance)	173,023,884	308,137,267

As per our attached report of even date
For R. C. RESHAMWALA & CO.
Chartered Accountants
(FRN 108832 W)

Rajnikant C. Reshamwala
Partner
Membership No. 5502

Asish Narayan
Company Secretary

Mumbai,
Date : 30th May, 2014

For and on behalf of the Board

Jaikumar Kapoor Director

Harish R. Mehta Director

Harimohan Namdev Director

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NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH, 2014.

Note. 1 Summary of Significant Accounting Policies followed by the Company

Basis of preparation of Financial Statements:

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under section 211 (3C) and the other relevant provision of the Companies Act, 1956.

All the 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 Schedule VI to the Companies Act, 1956. Based on the nature of the product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be less than 12 months.

- (i) On the basis of management's assumption, it is expected that the company will have adequate cash inflows from proceeds of export realisations to defray, in phased manner, its entire debt obligations. As such, although the inward remittances from overseas customers have not been very encouraging for the present owing to losses, as clamimed by them. Based essentially on their past track record, documents evidencing receipt of export consignments and confirmation of debts, export receivables are considered as fully realisable and accordingly, amounts payable to banks are considered as fully secured. The Company's total assets are more than total liabilities. The Company is hopeful of increasing production once the cash flow improves. Hence the accounts of the Company are prepared on Going Concern Basis.

1. System of Accounting and Preparation of Financial Statements:

- (a) All income and expenditure items are accounted on accrual basis.
- (b) Financial statements are based on historical costs. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.

2. Use of Estimates:

The preparation of financial statements are in conformity with generally accepted accounting principles which require estimates and assumptions to be made by the management that affects the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known /materialized.

3. Fixed Assets:

- (a) All fixed assets are valued at cost of acquisition, construction or manufacturing as the case may be, less depreciation.
- (b) Exchange differences relating to the acquisition of fixed assets are taken to the Statement of Profit and Loss.

4. Depreciation:

- (a) Depreciation is provided as per the "Written Down Value" method at rates provided by Schedule XIV to the Companies Act, 1956. Leasehold Land is amortised over the period of lease.
- (b) Depreciation on additions and on sale/disposal of fixed assets is computed pro-rata on day-to-day basis from the date of purchase/put to use and up to the date of sale.
- (c) Depreciation on new unit is taken from the date of commissioning of the unit.
- (d) Depreciation is also considered on those assets (idle assets) which were not used for whole or part of the year. However for units shut down, no depreciation is charged.

5. Work in Progress:

- (a) The cost of fixed assets, acquisition/construction, installations of which are not completed are included under Capital Work-in-Progress and the same are apportioned/transferred to respective fixed assets on installation/completion of the asset/project.
- (b) Expenses incurred to set up business premises/factory premises forming part of capital work-in-progress are capitalized under the head Factory Premises.
- (c) Similarly, goods which are under production and cannot be termed as finished goods are treated as work-in-progress.

6. Investments:

- (a) Current Investments are carried at lower of cost and quoted/fair value.
- (b) Long term Investments are stated at cost of acquisition. Provision for diminution in the value of long term investments is made if such diminution is considered other than temporary in nature. Such diminutions in the value of Long Term Investments are taken through the Statement of Profit and Loss.
- (c) Application monies for investment in shares are classified as an advance till the allotment of shares is completed.

7. Inventories:

The Company has complied with AS-2 “Valuation of Inventories” issued by the Institute of Chartered Accountants of India, to the extent practicable keeping in mind the peculiar nature of the industry.

- (a) Raw Materials are valued “At Cost” or “Net Realisable Value”, whichever is lower. Costs means cost of Raw materials as determined on average, weighted average or FIFO basis as applicable, with proportionate value of freight and clearing charges.
- (b) Stock on hand as on the last date which is under processing and not yet converted to finished goods is considered to be a part of stock of raw materials and hence is valued as raw materials as in (a) above.
- (c) Finished Goods of Polished Diamonds are valued “At Cost” or “Net Realisable Value”, whichever is lower. Cost includes cost of raw materials on weighted average cost basis, labour cost and proportionately allocated other costs related to converting them into finished goods which are technically evaluated keeping in view the wide variety and grades of diamonds.
- (d) Finished Goods of Jewellery are valued “At Cost” or “Net Realisable Value”, whichever is lower. Cost includes cost of raw materials, labour cost and proportionately allocated other costs related to converting them into finished goods.
- (e) Goods procured for trading (Gold, Studded and Plain Jewellery and Diamonds) are valued “At Cost” or “Net Realisable Value”, whichever is lower.
- (f) Stores and Spares are valued “At Cost”.
- (g) Closing stock of Goods at Bullion Trading Division are valued “At Cost” or “Net Realisable Value”, whichever is lower.

8. Foreign Exchange Transactions:

- (a) Transactions in foreign currency are accounted at the exchange rate/average rate prevailing on the date of transaction. Exchange fluctuations between the transaction date and the settlement date in respect of revenue transactions are recognized in the Statement of Profit and Loss.
- (b) Monetary Assets and Liabilities denominated in Foreign Currency are translated at period end exchange rates and the Profit/Loss so determined are recognized in the Statement of Profit and Loss for the period.
- (c) All foreign exchange derivative transactions are fair valued, wherever applicable, as at the year-end in consonance with (i) Accounting standards notified Under Section 211 of the Companies Act, 1956 (ii) Applicable guidelines issued by RBI and the Institute of Chartered Accountants of India in this regard (iii) Principle of Prudence which requires recognition of expected losses and non recognition of unrealized gains, wherever applicable, and (iv) Risk Management Policy relating to derivative transaction of the Company as approved by the Board with a clause which Allows using Cost Reduction Structures and relevant disclosures as prescribed by ICAI Press Release dated 02.12.2005 are made in the notes.
- (d) The Company has adopted AS – 11 of the Institute of Chartered Accountants of India, in relation to its foreign exchange transactions including derivatives and options.
 - (i) As per the Provisions of the AS - 11 of the Institute of Chartered Accountants of India, the profit/loss on cancellation or renewal of derivative instruments such as forward contract and option contract undertaken to hedge exchange fluctuation/price risks are recognised as income/expenses in the Statement of Profit and Loss for the year.
 - (ii) Option contract open at the year end are recognized at year end rate and the Mark to Market difference, wherever applicable, is taken to the Statement of Profit and Loss.
 - (iii) Premium or discount at the inception of forward exchange contract is amortized as expenses or income over the life of contract.

9. Employees Retirement Benefits:

(a) Defined Contribution Plans:

The Company has Defined Contribution Plan for post employment benefit in the form of provident fund for eligible employees which is administered by Regional Provident Fund Commissioner. Provident fund is classified as Defined Contribution Plan as the Company has no further obligation beyond making the contributions. The Company’s contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred.

(b) Defined Benefit Plans:

The Company has Defined Benefit Plan for post employment benefit in the form of Gratuity for eligible employees which are administered through a Group Gratuity Policy with Life Insurance Corporation of India (LIC). The liability for the above Defined Benefit Plan is provided on the basis of an actuarial valuation as carried out by LIC. The actuarial method used for measuring the liability is the Projected Unit Credit Method.

- (c) Termination benefits are recognized as an expense as and when incurred.
- (d) The Company has made provision for leave encashment dues as on the last date of the period.

10. Taxation:

- (a) Provisions for taxation is made after considering various relief's admissible under the provisions of the Income Tax Act, 1961.
- (b) Disputed amounts of tax are considered in contingent liabilities.
- (c) The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by the Institute of Chartered Accountants of India, which is mandatory in nature. The Company has recognized Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods.

11. Borrowing Cost:

Borrowing Costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the period in which they are incurred.

12. Impairment of Fixed Assets:

Considering AS-28-Impairment of Assets as specified by the Institute of Chartered Accountants of India, the Company at the end of each year determines whether there are any Assets that require a provision for impairment loss. Impairment loss is charged to the Statement of Profit and Loss in the year in which, an asset is identified as impaired, when the Carrying Rate of the asset exceeds its recoverable value. The impairment loss booked in prior accounting periods is reversed if there is an upward change in the estimate of recoverable account.

13. Provisions, Contingent Assets and Contingent Liabilities:

Provisions involving substantial degree of estimation in quantum are recognized when, there is and present, as a result of past events likely obligation with a high probability of an outflow of resources. Contingent Assets are not recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed in the notes to the accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH 2014

Note 2. SHARE CAPITAL

(A) Authorised, Issued, Subscribed and Paid-up Share Capital and Par Value Per Share

	No. of Shares	Current Period	No. of Shares	Previous Period
AUTHORISED SHARE CAPITAL				
Equity Shares of Rs.10/- each	150,000,000	1,500,000,000	150,000,000	1,500,000,000
ISSUED SHARE CAPITAL				
Equity Shares of Rs.10/- each	106,607,894	1,066,078,940	106,607,894	1,066,078,940
SUBSCRIBED & PAID-UP SHARE CAPITAL				
Equity Shares of Rs.10/- each	106,607,894	1,066,078,940	106,607,894	1,066,078,940
Less : Calls unpaid by Shareholders other than directors		1,369,120		1,369,120
TOTAL		1,064,709,820		1,064,709,820

NOTES :

Of the above Paid-up Capital, Rs. NIL (Rs.300 Lacs) represents NIL (3,000,000) Equity Shares of Rs. 10/- each fully paid-up, issued upon conversion of NIL (3,000,000) Optionally Fully Convertible Share Warrants (OFCWs) into Equity Shares of Rs. 10/- each fully paid up at a premium of Rs. 60/- per share to the Promoter Group Company, viz. Kohinoor Diamonds P. Ltd., out of 3,400,000 Share warrants issued on 14.10.2010.

(B) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the period

	Current Period No. of Shares	Previous Period No. of Shares
No. of Shares outstanding as at the beginning of the period	106,607,894	103,607,894
Add :		
- Shares allotted during the period / Period as fully paid-up upon Conversion of Warrants	-	3,000,000
	106,607,894	106,607,894

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees.

The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Payment of dividend is also made in foreign currencies to shareholders outside India.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the no. of equity shares held by the shareholders.

(C) Shares in the Company held by each shareholder holding more than 5% shares

	Current Period		Previous Period	
	No. of Shares	% of Holding	No. of Shares	% of Holding
SHAREHOLDERS				
1) Passage To India Master Fund Limited	10,181,818	9.55%	10,181,818	9.55%
2) Sparrow Asia Diversified Opportunities Fund	9,810,593	9.20%	10,018,182	9.40%
3) Davos International Fund	8,545,454	8.02%	8,545,454	8.02%
4) Lemman Diversified Fund	7,898,182	7.41%	7,898,182	7.41%
5) Prime India Investment Fund Limited	5,700,000	5.35%	5,700,000	5.35%
6) Bridge India Fund	7,332,839	6.88%	7,332,839	6.88%
7) Kohinoor Diamonds Private Limited	14,138,996	13.26%	14,138,996	13.26%
TOTAL	63,607,882	59.67%	63,815,471	59.87%

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Note 3. RESERVES AND SURPLUS

		Current Period ₹	Previous Period ₹
1) CAPITAL RESERVE			
As per Last Balance Sheet		50,341,338	50,341,338
2) SECURITIES PREMIUM ACCOUNT			
As per last Balance Sheet	4,724,538,450		4,544,538,450
Add :			
- Premium received in respect of Equity Shares issued upon conversion of Warrants	-		180,000,000
	4,724,538,450		4,724,538,450
Less : Allotment / Call Money in Arrears other than Directors			
- As per Last Balance Sheet	5,712,831		5,712,831
	5,712,831		5,712,831
		4,718,825,619	4,718,825,619
3) GENERAL RESERVE			
As per Last Balance Sheet		2,850,000,000	2,850,000,000
4) GENERAL RESERVE - FOREIGN EXCHANGE / METAL PRICE FLUCTUATION			
As per Last Balance Sheet		550,000,000	550,000,000
5) SURPLUS IN THE STATEMENT OF PROFIT & LOSS			
- As per last Balance Sheet	(777,701,651)		3,485,037,673
- Add : Net Profit after Tax transferred from Statement of Profit & Loss	(2,576,553,818)		(4,262,739,324)
	(3,354,255,469)		(777,701,651)
- Balance as at the close of the Period		(3,354,255,469)	(777,701,651)
TOTAL		4,814,911,488	7,391,465,306

Note 4. LONG-TERM BORROWINGS

TERM LOANS (SECURED)

{ Excluding Amounts due in next 12 months (Current Maturities of Long Term Debts) which is shown under Other Current Liabilities }
From Banks

ICICI Bank Ltd.

Secured by Hypothecation of Vehicles acquired (AX-2115)

The term loan is repayable in 11 Equated monthly installments and ending in February 2016 .

Rate of Interest is 10.32% p.a. Tenure of the loan is 5 year.

TOTAL

566,915 1,142,927

NOTE :

There were minor delays for few days during the period in repayment of instalments of Loan and Interest to ICICI Bank for vehicle loan availed of by the Company. As at the end of the Period, there are no delays in repayments of car loans.

	Current Period ₹	Previous Period ₹
Note 5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
- On account of Depreciation difference	52,290,791	39,056,104
Deferred Tax Liabilities (Net)	52,290,791	39,056,104
NOTES :		
The Company has implemented 'Accounting Standard 22' - "Accounting of Taxes on Income", issued by The Institute of Chartered Accountants of India, which is mandatory in nature.		
The Company has recognised Deferred Taxes which result from the timing difference between the Book Profits and Tax Profits that originate in one period and are capable of reversal in one or more subsequent periods		
As a result, the Deferred Tax Liability for the Period aggregating to Rs.13,234,687 (Deferred Tax Asset of Rs.18,528,429) has been recognised in the Statement of Profit and Loss for the Period.		
Note 6. OTHER LONG TERM LIABILITIES		
Trade/Security Deposits Received against Plant and		
Machineries leased to Su-Raj Jewellery (I) Private Ltd.	10,000,000	10,000,000
	10,000,000	10,000,000
Note 7. TRADE PAYABLES		
UNSECURED		
Trade Payables	717,944,356	715,970,063
TOTAL	717,944,356	715,970,063
As stated in the Note no. 27, Export Receivables and Overseas Trade Payables had been restated based on exchange rate as at 31.03.2013. In view of persistent defaults by overseas customers in clearing outstanding dues, the same have been carried forward at the same rate (based on exchange rate as at 31.03.2013) as it is deemed expedient not to take cognizance of depreciation in rupee vis-à-vis US dollar on notional basis when outstanding amounts are expected to be realized over an uncertain period of time. Since the Company does not have any other cashflows to arrange for remittances to overseas trade creditors and expects to defray these liabilities out of realisation of export receivables, the same also have not been restated based on exchange rate as at the date of balance sheet but have been carried forward based on exchange rate as at 31.03.2013. Had it been restated on the basis of exchange rate as at 31.03.2014, the amount payable would have been higher by Rs. 57,158,767/-(Previous Period as at 30th Sept.,2013 Rs.72,175,623).		
Note 8. OTHER CURRENT LIABILITIES		
A AMOUNTS PAYABLE TO BANKS		
(Overdue and in respect of which Notice under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 has since been issued)		
I IN RESPECT OF CRYSTALISED		
EXPORT PACKING CREDIT & POST SHIPMENT CREDIT		
- Outstanding against Regular and Ad-hoc Fund Based limits	4,359,453,191	4,362,923,251
- Outstanding in respect of Fund Based credits availed of upon inter-changeability from Non Fund Based limits	1,844,657,912	1,844,657,912
	6,204,111,103	6,207,581,163

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		Current Period ₹	Previous Period ₹
Note 8. OTHER CURRENT LIABILITIES			
II	DEVOLVED LETTER OF CREDITS		
	Devolved Letters of Credit	21,631,498,574	21,249,038,450
	Overdrawn Current Accounts	13,856,839,696	13,217,722,265
		35,488,338,270	34,466,760,715
	Nett Interest Provided as per note 23	1,573,862,233	338,812,092
	The Company had been sanctioned Regular Fund Based Working Capital Credit Limits (Export Packing Credit and Post Shipment Credit) of Rs. 375,00,00,000 (Previous Period Rs. 375,00,00,000) and Non-Fund Based Working Capital Credit Limits (Stand-By Letters of Credit and Bank Guarantees) of Rs. 3470,00,00,000 (Previous Period Rs. 3470,00,00,000). The Company had also been granted, in principle, approval for additional, need based, Ad-hoc limits to the extent of 20% of the Regular FB and NFB limits. The Company had also been granted partial Inter-changeability between FB and NFB limits. The above amounts payable to Consortium of banks are secured by		
(A)	Hypothecation of		
	(1) Inventory and Book Debts (both present and future) of the Company		
	(2) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company at factory units of Bangalore, Cochin, Goa, Jodhpur, Kolkata (Manikanchan SEZ) and Surat of the Company		
	(3) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of the Company installed at Valsad unit of the company in the property owned by Bombay Diamonds Co. P. Ltd.		
	(4) Plant and Machinery and Fixtures and Fittings (fastened to earth or otherwise) of Forever Diamonds P. Ltd. at its Jodhpur unit.		
(B)	Equitable Mortgage by way of deposit of title deeds of Immovable Properties comprising Land (or leasehold rights in respect thereof) and other structures thereon at		
	(1) Bangalore, Goa, Jodhpur, Kolkata and Surat factory units of the Company		
	(2) Office Premises at Gamdevi in Mumbai of the Company		
	(3) Valsad unit of Bombay Diamonds Co. P. Ltd.		
	(4) Jodhpur factory unit of Forever Diamonds P. Ltd.		
	(5) Surat factory unit of Kohinoor Diamonds P. Ltd.		
(C)	Corporate Guarantees of		
	(1) Bombay Diamonds Co. P. Ltd.		
	(2) Forever Diamonds P. Ltd.		
	(3) Kohinoor Diamonds P. Ltd.		
(E)	Personal Guarantee of Mr. Jatin Mehta, Promoter		
	Term Deposits earlier held under lien as Cash Collateral by the lead bank have since been shared by member banks and adjusted against outstanding amounts		
B	AMOUNTS PAYABLE TO RELATED PARTIES		
	Unsecured - Short term advance	321,646,429	318,372,875
C	OTHER CURRENT LIABILITIES		
	Current maturities of long term debt	576,012	266,558
	Overdue instalments of long term debt	9,096,832	8,561,724
	Unpaid/Unclaimed dividends	7,075,355	9,125,366
	Sales Tax / VAT payable / Service Tax Payable	2,105,077	1,324,774
	Other payables	913,655	1,723,085
	TOTAL	43,607,724,966	41,352,528,352

NOTES :

- A1 The Fund Based (EPC/PSC) limits were generally availed for Diamond division whereas Non fund Based (SBLC/BG) limits were utilised for facilitating procurement of gold for manufacture of jewellery. The company procured gold on loan basis. As per extant FTP & RBI Guidelines, the maximum tenor for which gold loan can be availed of is 270 days. Accordingly, SBLCs had validity of 270 days. This was adequate to cover manufacturing cycle of around 90 days and credit of 180 days that the company extended to its overseas customers.
- A2 Owing to delay in receipt of inward remittances from overseas customers against export bills, the company could not arrange for payments for liquidating gold loans which were due in March 2013. In view of these events of default, the bullion banks initially invoked SBLCs which had fallen due but later, as defaults persisted, invoked all SBLCs including even those in respect of which gold loans were not due (save and except State Bank of India which invoked SBLCs only when gold loans fell due for payments), as the Gold Loan Agreements executed by the company with Bullion Banks provided cross default clause entitling them to recall all outstanding gold loans even in case of single event of default. All invoked SBLCs were paid by the Consortium Banks.
- A3 Further owing to continuing defaults by overseas customers and overdrawn accounts, the company could not repay Export Packing Credits and Post Shipment Advances on due dates.
- A4 As a result of invocation and devolvement of SBLCs and defaults in clearance of EPC/PSC, the liabilities have got crystallized in rupee terms and the accounts are overdrawn. With no gold lines from bullion banks and no fresh SBLCs or FB credits from consortium banks, the operations have been materially affected after March 2013.
- A5 Few Banks have classified the company and its directors as willful defaulters. However, the company has vehemently denied the same and reiterated that they were victim of circumstances beyond their control and are taking all possible steps to recover the same. The company, which had received from Standard Chartered Bank, notice under the SARFAESI Act, has denied all the allegations made therein. Some of the banks have sent notices to the promoter/ guarantor and also to the companies who have provided corporate guarantees.
- A6 The company has initiated legal proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to filing of commercial cases before the Sharjah Court in May 2014. This definitely is a positive step for the company to ensure its bankers of their intentions to recover and pay their dues.
- B As the Company had not declared any dividend for the FY 2012-2013 (18 month period) and FY 2011-12, the question of appropriating any amounts out of the same towards arrears of call or allotment monies in respect of shares which were not fully paid-up just did not arise.
- C There are no amounts of unclaimed dividend due and outstanding to be credited to Investor Education and Protection Fund. During the period, the Company transferred unclaimed dividend in respect of FY 2005-2006 amounting to Rs.1,773,828 (During the previous Period Rs.1,787,984 for FY 2004-2005) to Investor Education and Protection Fund. The Excess balance to the credit of unclaimed dividend for FY 2005-06 amounting to Rs. 269,456/- which were not liable to be transferred to Investor Education and Protection fund, has been apportioned by the bank against its dues.
- D The Overdue instalments of long term debt comprise outstanding amount in respect of Axis Bank Term Loan for Wind Mill which was payable and the Company has defaulted in making payments to Axis Bank in respect of Principal Rs.7,918,400/- and Interest Rs. 1,178,432/- (Previous Period Rs. 643,324/-) due there on. The default is continuing as on the date of balance sheet.

	Current Period ₹	Previous Period ₹
Note 9. SHORT-TERM PROVISIONS		
Provision for Employee Benefits	345,481	307,518
Total	345,481	307,518

10 FIXED ASSETS - TANGIBLE

Reconciliation of the gross carrying amounts and net carrying amounts at the beginning and at the end of the Period 31st March , 2014

Description	Gross Carrying Amount			Accumulated Depreciation			Net carrying Amount		
	As at 1st October, 2013	Additions / adjustments during the period	Deductions during the period	As at 31st March 2014	As at 1st October, 2013	Provided during the period	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013
	₹ (1)	₹ (2)	₹ (3)	₹ (4)	₹ (5)	₹ (6)	₹ (8)	₹ 13 = (1)-(5)-(9)	₹ 14 = (4)-(8)-(12)
01. Land									
Owned	-	-	-	-	-	-	-	-	-
Leased	7,260,099	-	-	7,260,099	474,625	16,717	491,342	6,768,757	6,785,474
02. Buildings									
Owned	171,117,290			171,117,290	96,795,432	3,645,043	100,440,475	70,676,815	74,321,858
Leased	147,931,028			147,931,028	54,566,168	2,327,727	56,893,895	91,037,133	93,364,860
03. Plant & Equipment									
Owned	555,332,860	2,240,227		557,573,087	333,775,414	14,907,374	348,936,991	208,636,096	221,557,446
Leased									
04. Furniture & Fixtures									
Owned	47,234,197			47,234,197	34,529,274	1,146,643	35,675,917	11,558,280	12,704,923
Leased									
05. Electrifica Intallation									
Owned	58,163,356		399,994	57,763,362	37,424,332	1,416,913	38,587,042	19,176,320	20,739,024
Leased									
06. Equipments									
Owned	27,094,370			27,094,370	16,171,904	757,574	16,929,478	10,164,892	10,922,466
Leased									
07. Air Conditioners									
Owned	24,625,958			24,625,958	13,728,936	755,811	14,484,747	10,141,211	10,897,022
Leased									
08. Vehicles									
Owned	10,576,244			10,576,244	6,492,880	527,144	7,020,024	3,556,220	4,083,364
Leased									
09. Office Equipments									
Owned	32,114,816	220,146		32,334,962	29,958,180	454,031	30,412,211	1,922,751	2,156,636
Leased									
10. Mould and Dies									
Owned	2,694,116	61,697		2,755,813	1,643,731	161,942	1,805,673	950,140	1,050,385
Leased									
11. Wind Mill									
Owned	92,583,137	-		92,583,137	52,663,096	3,051,488	55,714,584	36,868,553	39,920,041
Leased									
Total	1,176,727,471	2,522,070	399,994	1,178,849,547	678,223,972	29,168,407	707,392,379	471,457,168	498,503,499
Previous Period	1,234,418,554	19,262,797	76,963,880	1,176,727,471	595,509,949	115,175,538	678,223,972	498,503,499	638,908,605

11 FIXED ASSETS - INTANGIBLE

Description	Gross Carrying Amount				Accumulated Depreciation				Net carrying Amount		
	As at 1st October, 2013	Additional adjustments during the period	Deductions during the period	As at 31st March 2014	As at 1st October, 2013	Provided during the period	Adjustment	Deductions during the period	As at 31st March 2014	As at 31st March 2014	As at 30th Sept., 2013
	(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)	13=(1)-(5)-(9)	14=(4)-(8)-(12)
1. Goodwill											
2. Brands/Trade Marks											
3. Computer Software											
Acquired	5,683,217	-		5,683,217	4,148,153	306,172		-	4,454,325	1,228,892	1,535,064
	5,683,217	-	-	5,683,217	4,148,153	306,172		-	4,454,325	1,228,892	1,535,064
Total	5,683,217	-	-	5,683,217	4,148,153	306,172		-	4,454,325	1,228,892	1,535,064
Previous Period	5,429,937	253,280	-	5,683,217	1,984,744	2,163,409		-	4,148,153	1,535,064	
GRAND TOTAL	1,182,410,688	2,522,070	399,994	1,184,532,764	682,372,125	29,474,579	254,203	254,203	711,846,704	472,686,060	500,038,563
Previous Period	1,239,848,491	19,516,077	76,953,880	1,182,410,688	597,494,693	117,338,947	-	32,461,515	682,372,125	500,038,563	642,353,798

Notes :

- Impairment of Fixed Assets :
 - Please refer note no. 12 in Accounting Policy.
 - The Company has taken into consideration the Provisions of Accounting Standard 28 - Impairment of Assets
The Company does not have any assets, which would require impairment and provisions.
- Of the total WDV of Fixed Assets, Rs.9,999,629 represent WDV of Fixed Assets of Engineering division at Jodhpur which had discontinued operations during FY 2005-06. The company had provided for impairment of these assets during FY 2007-08 & 2008-09. No further provision for impairment is considered necessary The company has not been providing depreciation in respect of these assets.
- Of the above, following assets are given on lease to various Companies as on 31st March 2014.

	W D V	
	Current period ₹	Previous Period ₹
1. Land	1,371,727	1,371,727
2. Air Conditioners	1,050,234	1,755,525
3. Computers	153,096	478,710
4. Electrical Installations	2,311,350	2,953,138
5. Equipments	3,542,299	6,323,730
6. Factory Premises	17,358,366	18,609,205
7. Office Premises	4,429,712	7,794,179
8. Furniture & Fixtures	3,070,169	4,135,199
9. Plant & Machinery	112,593,958	136,811,978
10. Mould and Dies	416,373	489,851
TOTAL	146,297,284	180,723,242

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	Current Period ₹	Previous Period ₹
Note 12. NON-CURRENT INVESTMENTS		
(A) Other Investments		
(i) In Equity of Associate Companies		
Unquoted, fully paid up (at Cost)		
39,200,000 (Previous Period : 39,200,000) Equity Shares of Rs. 10 each of Forever Precious Jewellery & Diamonds Ltd., fully paid-up	1,411,710,802	1,411,710,802
2,434,700 (Previous Period : 2,434,700) Equity Shares of Rs. 10 each of Revah Corporation Ltd., fully paid-up	1	24,347,000
Less: Diminution in the value of Investments	-	24,346,999
	1	1
(ii) In Equity of Other Companies		
Unquoted, fully paid up (at Cost)		
17,500 (Previous Period : 17,500) Equity Shares of Rs. 100 each of Peakok Jewellery Ltd., fully paid-up	5012750	5,012,750
576,250 (Previous Period : 576,250) Equity Shares of Rs. 10 each of Carbon Accessories Ltd., fully paid-up	1	1,444,299
Less: Diminution in the value of Investments	-	1,444,298
	1	1
(iii) Investments in Government or Trust Securities		
2 (Previous Period : 2) Indra Vikas Patra of Rs. 500 each	1,000	1,000
1 (Previous Period :1) National Savings Certificates of Rs.5000	5,000	5,000
TOTAL	1,416,729,554	1,416,729,554

- A1** The company holds 49% of total paid-up equity share capital of Forever Precious Jewellery and Diamonds Limited (FPJDL). FPJDL's operations including its retail Jewellery /Gold business is totally suspended. The auditors, for the period ended 30th September, 2013 have qualified FPJDL as a non-going concern.
- A2** FPJDL is also in the process of initiating legal action against its defaulting overseas customers.
- B1** The Company has accounted for permanent diminution in the value of long term investments in group concern as above.

Note 13. LONG-TERM LOANS AND ADVANCES

Unsecured, Considered good		
Capital Advances	311,890	744,091
Security Deposits	11,891,403	11,909,561
Loans and Advances to Related Parties	399,574	899,074
(Refer Note No. 29)		
Other Loans and Advances	-	371,962
Advance Income Tax /TDS (Net of Provision for Taxation)	33,263,945	32,527,514
TOTAL	45,866,812	46,452,202

	Current Period ₹	Previous Period ₹
Note 14. OTHER NON-CURRENT ASSETS		
Long Term Trade Receivables		
Unsecured, Considered good	47,406,485,357	47,445,160,512
TOTAL	47,406,485,357	47,445,160,512

(a) Please refer Note : 27

(b) Export receivables had been restated based on exchange rate as at 31.03.2013. In view of persistent defaults by certain overseas customers in clearing outstanding dues, the same have been carried forward at the same rate (based on exchange rate as at 31.03.2013) while drawing up accounts for the period under review as it is deemed expedient not to take cognizance of depreciation in rupee vis-à-vis US dollar on notional basis when outstanding amounts are expected to be realized over an uncertain period of time. Had it been restated on the basis of exchange rate as at 31.03.2014, the export receivables (including the receivables considered as Trade Receivable in Note No. 16) would have been higher by Rs.5,061,959,103 (Previous Period as at 30th Sept., 2013 Rs. 643,26,50,421/-).

(c) The company was importing gold on loan basis and on unfixed price basis and likewise, the exports of jewellery were also on unfixed price basis as per FTP / EXIM policy. Accordingly, both the export invoices and the invoices for imports of gold used to be revised upon final settlement of liability in respect of gold loan. Considering facts and circumstances of the case, when export receivables are overdue and are expected to be realised over a long period, revised invoices have not been raised in view of uncertainty about realisation of additional revenue. If the invoices were to be revised, the export receivables would have been higher by Rs.119,35,00,046/- based on exchange rate as at 30.09.2013. The Company has frozen the receivable balances as on 31st March 2013 from the defaulting foreign debtors without considering the consistent method of accounting adopted in the past.

Note 15. INVENTORIES

(as certified by Management)

(a) Raw Materials	51,569,256	44,301,340
(b) Finished Goods	396,675,851	403,349,858
(c) Stores and spares	3,666,128	3,912,629
TOTAL	451,911,235	451,563,827

NOTES

- a) As stated by the Management, entire inventory of diamonds and pearls at Surat & Mumbai which, though hypothecated in favour of consortium, was in company's possession, has been placed in the lockers in PNB and is in the joint custody with PNB since 18.06.2013. The banks had got inventory valued on 30.09.2013 and the total value of inventory, as per valuation report, was Rs.393,500,031.
- b) The Stock at Chennai SEZ and Cochin SEZ unit are also in joint custody with PNB since November 2013 at Company's premises.
- c) The Company has not carried out any fresh valuation of Diamonds as at 31st March 2014 as per requirement of AS -2. The Valuation of Diamonds as carried out as on 30th September 2013 to ascertain the market value has been adopted by the Company. The company has valued its stock of Gold as at March 31, 2014

Note 16. TRADE RECEIVABLES

Outstanding for more than six months from the date they became due for payment

(Unsecured, considered good)	46,031,151	-
Others		
(Unsecured, considered good)	3,480,357	147,272,670
TOTAL	49,511,508	147,272,670

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	₹	Current Period ₹	Previous Period ₹
Note 17. CASH AND CASH EQUIVALENTS			
(A) Cash and cash equivalents			
(i) Balance with Banks			
(a) In Current Account		148,809,867	241,968,903
(b) In EEFC account		760,858	120,165
(ii) Cash on Hand		554,079	510,886
		150,124,804	242,599,954
(B) Other Bank Balance			
(i) Earmarked Bank balances			
Unpaid dividend bank account		7,824,415	9,874,320
(ii) Bank Fixed Deposits held as margin money or as security against: Bank Guarantees		15,074,665	55,662,993
		22,899,080	65,537,313
TOTAL		173,023,884	308,137,267

Notes:

- 1) Balances with Banks in Deposits includes deposits amounting to Rs. NIL (Previous Period Rs. NIL) which have an original maturity of more than 12 months.

Note 18. SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good

Loans and advances to Related parties	1,000,000	-
I T / F B T Refund Receivables	1,729,948	1,431,858
VAT Refund Receivables	1,243,743	2,938,397
Others	248,305,716	255,455,240
TOTAL	252,279,407	259,825,495

In the opinion of the Directors :

The Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

	₹	Current Period ₹	Previous Period ₹
Note 19 REVENUE FROM OPERATION			
Sales		19,419,635	69,183,795,181
Other Operating Income			
Net gain / loss on foreign currency transactions / translation (other than adjusted as finance costs)		17,381,291	1,987,113,288
Labour Charges received		5,874,587	134,358,676
Surplus in Bullion Trading			
Sales of Bullion	-		1,755,450,891
Less: Cost of Bullion Sales	-		1,755,450,891
		-	-
Sale of Scrap		264,000	1,825,362
		42,939,513	71,307,092,507
Sales of Manufactured Goods			
Diamonds		174,690	4,898,600,524
Jewellery		19,124,143	64,151,167,987
Others		120,802	134,026,670
		19,419,635	69,183,795,181

WINSOME DIAMONDS AND JEWELLERY LIMITED

(Formerly Su-Raj Diamonds and Jewellery Limited)



	₹	Current Period ₹	Previous Period ₹
a) All export receivables were restated on the basis of exchange rate as at 31.03.2013. In view of persistent defaults by overseas customers in clearing outstanding dues, it is deemed expedient not to take cognisance of depreciation of rupee vis-à-vis dollar since last restatement, especially as the outstanding amounts are expected to be realised in phased manner over an uncertain period of time. Accordingly, export receivables have been carried forward on the basis of exchange rate as at 31.03.2013 and have not been restated on the basis of exchange rate as at the end of the accounting period i.e. 31.03.2014.			
b) Likewise, Trade Payables in respect of Imports have been carried forward on the basis of exchange rate as at 31.03.2013 and have not been restated on the basis of exchange rate as at the end of the accounting period i.e. 31.03.2014 as the same are expected to be paid off out of realisations from export receivables.			
c) Had the export receivables and import payables been restated on the basis of exchange rate as at 31.03.2014, Net gain / (loss) on Foreign Currency Transactions / Translations would have been higher by Rs. 5,004,800,336 (Previous Period Rs. 636,04,74,798/-) for the period from April 2013 to March 2014, of which Rs. 636,04,74,798/- gain for period April 2013 to September 2013 and Loss of Rs.135,56,74,462 for the Current Period.			
Note 20 OTHER NON OPERATING INCOME			
Rentals from property		4,182,442	8,373,513
Interest Received from Banks		946,475	274,678,700
Interest Received from Others		-	185,433
Profit on Sale of Investments		-	126,789,494
Profit on Sale of Assets		-	9,130,177
Miscellaneous Income		5,467,389	16,848,534
TOTAL		10,596,306	436,005,851
Prior Period Income			
The Miscellaneous Income includes Income for the prior period		1,361,165	
Note 21. COST OF MATERIAL CONSUMED			
Opening Stock		44,301,340	3,390,224,581
Add : Purchases		22,086,177	66,272,600,387
		66,387,517	69,662,824,968
Less : Closing Stock		51,569,256	44,301,340
Cost of Material Consumed		14,818,261	69,618,523,628
<u>Material Consumed Comprises of</u>			
Rough / Semi processed Diamonds		109,587	6,720,771,385
Gold		14,708,674	62,859,766,210
Others		-	37,986,033
		14,818,261	69,618,523,628
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE			
<u>Inventories at the beginning of the Period</u>			
Finished Goods		403,349,858	2,289,757,723
		403,349,858	2,289,757,723
<u>Inventories at the end of the Period</u>			
Finished Goods		396,675,851	403,349,858
		396,675,851	403,349,858
Net (increase) / decrease		6,674,007	1,886,407,865

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	Current Period ₹	Previous Period ₹
Note 22. EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages, Bonus, Gratuity and Allowances	10,201,160	48,475,472
Contribution to PF, ESIC and Gratuity Fund	244,570	2,438,251
Remuneration to whole time Directors	1,285,379	6,439,406
Staff Welfare Expenses	224,945	4,148,162
Total	11,956,054	61,501,291

The Accounting Standard – AS 15 (revised 2005) on Employee Benefits issued by the Institute of Chartered Accountants of India has been adopted by the Company.

The details as provided by the Insurance Company for the Period ended 31st March, 2014 are reproduced here below.

a) Defined Contribution Plan:

The Company has recognized Rs . 219,206 (Rs.1,388,606) towards contribution made to Employees Provident and family Pension Fund.

b) Defined Benefit Plan:

Sr.	Particulars	As on 31st March, 2014	As on 31st March, 2013
1	Assumption		
(a)	Discount Rate	8%	8%
(b)	Salary Escalation	4%	4%
2	Change in the Present Value of Obligation		
(a)	Present Value of Obligation as at beginning of Period	2,570,772	2,631,826
(b)	Interest Cost	205,662	210,546
(c)	Current Service Cost	373,180	459,785
(d)	Benefits Paid	461,450	1,421,485
(e)	Actuarial (Gain)/Loss on obligation	(2,015,527)	690,100
(f)	Present Value of Obligation as at 31st March, 2014	672,637	2,570,772
3	Change in the Fair Value of Plan Assets		
(a)	Fair Value of Plan Assets as at 1 st April, 2013	2,184,710	3,359,700
(b)	Expected Return on Plan Assets	258,264	246,495
(c)	Employer's Contributions	1,005,596	Nil
(d)	Benefits Paid	461,450	1,421,485
(e)	Actuarial Gain/(Loss) on Plan Assets	Nil	Nil
(f)	Fair Value of Plan Assets as at 31st March, 2014	2,987,120	2,184,710
4	Table showing Fair Value of Plan Assets		
(a)	Fair value of Plan Assets at beginning of Period	2,184,710	3,359,700
(b)	Actual return on Plan Assets	258,264	246,495
(c)	Contributions	1,005,596	-
(d)	Benefits Paid	(461,450)	(1,421,485)
(e)	Fair Value of Plan assets at the end of the Period	2,987,120	2,184,710
(f)	Funded Status	2,314,483	386,062
(g)	Excess of Actual over Estimated Return on Plan Assets (Actual Rate of Return = Estimated Rate of Return as ARD falls on 31 st March)	Nil	Nil

Sr.	Particulars	As on 31st March, 2014	As on 31st March, 2013
5	Actuarial Gain/Loss recognized		
(a)	Actuarial (Gain) / Loss for the Period-Obligation	2,015,527	(690,100)
(b)	Actuarial (Gain) / Loss for the Period-Plan Assets	Nil	Nil
(c)	Total (Gain) / Loss for the Period – Obligation	(2,015,527)	690,100
(d)	Actuarial (Gain) / Loss recognized in the Period	(2,015,527)	690,100
6	The amounts to be recognized in the Balance Sheet and Statement of Profit and Loss		
(a)	Present Value of Obligations as at the end of Period	672,637	2,570,772
(b)	Fair value of Plan Assets as at the end of the Period	2,987,120	2,184,710
(c)	Funded Status	2,314,483	386,062
(d)	Net Assets/(Liability) recognized in Balance Sheet	2,314,483	(386,062)
7	Expenses recognized in Statement of Profit and Loss :		
(a)	Current Service cost	373,180	459,785
(b)	Interest Cost	205,662	210,546
(c)	Expected Return on Plan Assets	(258,264)	(246,495)
(d)	Net Actuarial (Gain)/Loss recognized in the Period	(2,015,527)	690,100
(e)	Expenses recognized in Statement of Profit & Loss	1,694,949	1,113,936
Note : The estimate of future salary increases considered in actuarial valuation taking into account inflation, seniority, promotion and other relevant factors.			

	Current Period ₹	Previous Period ₹
Note 23. FINANCE COSTS		
Interest Expense	2,541,144,115	2,164,283,123
Bank Charges and other Borrowing costs	1,385,450	288,047,715
Net loss on Foreign Currency Transactions and Translations	(8,600,979)	1,002,598,037
Total	2,533,928,586	3,454,928,875

The advances to the Company have been classified as NPA by the banks. Accordingly, a few banks have not been charging interest since account turned NPA whereas some of the banks have reversed interest charged earlier while a few have still been charging interest albeit at much higher rate. The Company has as a matter of prudence and to account for all probable liabilities has considered a rate of Interest at 12.50% p.a. based on average rate for the rupee export finance, for the purpose of providing for Interest expenses for the period. Accordingly, the Company would need to provide Rs.1,617,110,453 (Prev Period Rs.799,701,656) as interest where the banks have not debited Interest whereas there has been excess provision to the extent of Rs.382,060,311 (Prev Period Rs.460,889,564) where banks have debited interest at higher rates. The company has, accordingly, made additional provision of Rs.1,235,050,141 (Previous Period Rs. 338,812,092) so as to recognise interest at 12.5% p.a. on entire outstanding amount.

Similarly in the case of Term loan for windmill where the Company has defaulted in payments of its EMI, the interest on the same have been provided by the Company at 12.5% amounting to Rs.535,108/-

	Current Period ₹	Previous Period ₹
Note 24. OTHER EXPENSES		
MANUFACTURING EXPENSES		
Labour Charges /Assortment Charges	6,906,036	296,416,412
Power and Fuel consumed	1,247,179	13,197,073
Stores, spares and packing materials consumed	438,025	17,988,441
Repairs - Plant and Machinery	312,243	4,315,471
Repairs - Factory Buildings	54,130	1,706,026
Repairs - Others	1,273,936	8,342,478
Packing Material	-	588,182
Lease Rent	313,845	2,645,361

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	Current Period	Previous Period
₹	₹	₹
Directors' fees	10,545,394	345,199,444
Insurance	550,000	990,000
Rates and Taxes (including wealth tax)	270,375	39,749,105
Donation - Others	612,790	3,223,073
Freight & Forwarding Charges	2,740	1,015,001
Payments to statutory auditors	53,333	13,059,320
as auditors	350,000	1,200,000
for tax audit	150,000	150,000
for certification	100,000	389,500
for company law matters	-	80,000
reimbursement of expenses (out of pocket expenses)	83,828	249,611
	683,828	2,069,111
Legal, professional and consultancy charges	2,497,249	22,255,693
Advertisement, Publicity and Sale Promotion	602,449	3,023,970
Net gain/loss on foreign currency transactions/ translation (other than reflected in finance costs)	-	384,169,730
Diminution in the Value of Long Term Investments	-	25,791,297
Miscellaneous Expenses	4,185,304	45,119,762
TOTAL	20,003,462	885,665,506

Notes :

- 1 Rates and Taxes include Rs. NIL (Previous Period Rs. 7,03,136) towards stamp duty.
- 2 Insurance charges include Rs. 11593/- (Previous Period Rs. 2,52,09,483) for ECGC Premium reimbursed to banks.
- 3 The Company has various operating leases for factory premises and office facilities that are renewable on a periodic basis and can be terminated at the option of either party. Rental expenses for operational leases recognized in the statement of Profit and Loss for the Period are Rs. 3,13,845/- (Rs.26,45,361).

Minimum future lease rentals payable are :

(a) Payable within one Year	687,431	571,244
(b) Payable within one Year and five Years	2,509,724	1,924,976
(c) Payable after five Years	1,000,000	1,000,000

Minimum future lease rentals receivable in respect of assets given on operating lease in the form of Plant and Machinery after 01/10/2002 and Building after 01/08/2001 are :

(a) Receivable within one Year	7,592,884	9,357,584
(b) Receivable within one Period and five Years	10,314,763	14,100,535
(c) Receivable after five Years	16,763,400	23,450,513

4 Prior Period Expenses

The expenses includes Expenses for the prior period

Rent	-	17,735
Bank Interest	-	669,818
Professional Fees	51,745	-
Factory Expenses	4,113	-
Labour Charges	115,250	-
Misc	-	305,029
Stores & Spares	-	1,005,541
Staff Welfare Expenses	7,246	3,000
	178,354	2,001,123

		Current Period ₹	Previous Period ₹
Note 25. Earnings per share:			
Profit computation for both Basic and Diluted earnings per share of Rs.10 each			
Net profit as per Statement of Profit and Loss		(2,576,553,818)	(4,262,739,324)
<u>Weighted Average No. of Equity Shares</u>			
Shares at the beginning of the period	A	106,607,894	103,607,894
Shares allotted during the period	B	-	3,000,000
Date of allotment		-	13.04.2012
Effective No. of shares (allotted during the period)			
For calculation of EPS on the basis of No. of days	C	-	2,928,832
Total Shares for calculation of EPS (A+C)	D	106,607,894	106,536,726
Less: Shares which are partly paid –			
to the extent of 50%	E	273,824	273,824
50% thereof	F	136,912	136,912
Weighted Average No. of Equity Shares for EPS (D-F)		106,470,982	106,399,814
Total Shares as at the close of the Period (A+B)		106,607,894	106,607,894
Earning per Share (in Rs.)		(24.20)	(40.06)

Note 26. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Contingent Liabilities

(a) EPCG Benefits	35,414,184	35,414,184
(Custom Duties payable if Export obligation not met)		
(b) Guarantees	298,705,000	298,705,000
TOTAL	334,119,184	334,119,184

The company does not envisage any liability in respect of income tax as net gain on account of restatement of export receivables and overseas trade payable (Refer Note 14b and 7) is likely to get offset by additional interest provision if company were to pay interest at applicable rates including penal interest on compounding basis (Refer Note 23).

The Company had extended Corporate Guarantee for USD 5.5 million-Rs.298,705,000 for its erstwhile subsidiary to Standard Chartered Bank, London as additional collateral security for business transactions of Su-Raj Diamonds And Jewellery DMCC (SDJDMCC) (erstwhile subsidiary of the company). In the opinion of management SDJDMCC has fully squared up all transactions and no liability is expected in respect of guarantee. However, SCB is yet to discharge the guarantee and hence the same has been considered as contingent liability for the present. The company has divested its entire holding in SDJDMCC during January 2013.

The Company has implemented the Provisions of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets. The Company has recognised the above as Contingent liabilities and as such no provision is considered necessary. The Company does not have any Contingent Assets which require provision.

Note 27.

During the preceding period (18 months) the company witnessed unprecedented turn of events. The company enjoyed credit facilities of Rs. 3,750,000,000 as Fund Based limits and Rs. 34,700,000,000 as Non Fund Based limits, alongwith adhoc limits to the extent of 20% of the above limits for peak period, from 14 banks. The Non Fund Based limits were mainly used for purchase/ import of gold from overseas bullion banks as well as from nominated agencies in India against Standby Letters of Credit of the consortium banks.

During the end of March 2013, the overseas customers from the UAE defaulted in making payments for the company's exports which resulted in the company defaulting in meeting its obligations. The consortium banks were, however, obliged to pay to the bullion suppliers due to the enabling provision in the gold loan agreement, wherein a single default enables bullion suppliers to recall all the gold loan.

The bankers appointed independent audit firms for forensic and investigative audit for which the company offered explanations.

All the directors resigned from the Board during the previous period. The whole time directors, Director Operations and Director Finance, resigned during the period under consideration. The new directors were not geared well to revive the company.

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The company sent notices to the defaulting overseas customers in October 2013. As no positive actions were received the company considered filing of legal suit in Mumbai or in the UAE. As the filing of suit in Indian Court may not give any thrust in company's endeavor to impress upon defaulting overseas customers to make payment, it was decided to file the same in the UAE Court. Accordingly the company has initiated legal proceedings before the Conciliation Committee of Sharjah Federal Court, the step preceding to filing of commercial cases before the Sharjah Court in May 2014. This definitely is a positive step for the company to ensure its bankers of their intentions to recover and pay their dues.

Few bankers have classified the company and its directors as willful defaulters. However, the company has vehemently denied the same and reiterated that they were victim of circumstances beyond their control and are taking all possible steps to recover the same. The company, which had received from Standard Chartered Bank, notice under the SARFAESI Act, has denied all the allegations made therein. Some of the banks have sent notices, calling up demanding payment of dues payable by Winsome, to the promoter/ guarantor and also to the companies who have provided corporate guarantees.

The banks have lodged complaints with the Central Bureau of Investigation (CBI) to carry out investigations against the company and its management. Subsequent to the balance sheet date, the agencies visited the premises of the directors and also its offices at Mumbai and Surat. The books of the Surat Branch were seized by the CBI during their search at the premises. The financial statements of the Surat branch were prepared from the back-up data of books available at Head office. However, the supporting vouchers were not available to auditors for their audit. The CBI has also seized the original import and export invoices of the Company from Mumbai office pertaining to previous period. The company has received notice from Economic Offence Wing (EOW) of Mumbai Police and has submitted statement for their observations. The management and the directors have fully cooperated with the agencies during their investigations.

INVENTORY

Entire inventory of diamonds and pearls lying at Surat and Mumbai has been placed in the lockers in PNB and is in the joint custody with PNB since 18.06.2013. The banks arranged for valuation of inventory by Customs approved valuers on 30.09.2013 and as per their report, the total value of inventory was Rs.39,35,00,031. The stock at Chennai SEZ and Cochin SEZ are also in the joint custody with PNB since November 2013 at Company's premises.

The Inventory has not been verified by the management thereafter for the above location as the same is in the joint custody with the Bank. The Company has not carried out any fresh valuation of Diamonds and the valuation done on 30th September 2013 for ascertaining the market value has been adopted by the Company.

Note 28.

As the Diamond Segment revenue is less than 10% of total revenue, the Company has not reported segment reporting as per the provisions of Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India.

Note 29.

As per the provisions of Accounting Standard 18 - "Related Party Transactions" issued by the Institute of Chartered Accountants of India, the details of Related Party Transactions based on disclosure certificate issued by the Directors, is as mentioned herein below:

i) List of Related Parties :

Associates

Key Management Personnel

Particulars

Forever Precious Jewellery and Diamonds Limited
Revah Corporation Limited

Mr. Ravichandran (w.e.f. 09.05.2012 upto 06.12.2013)
Mr. Ramesh Prikh (w.e.f. 09.05.2012 upto 28.02.2014)
Mr. Jaikumar Kapoor (w.e.f. 10.01.2014)

A. Transactions for the year ended 31.03.2014

	Associates	Key Management Personnel	Total
1. Purchases	Nil (2,641,422)	Nil (Nil)	Nil (2,641,422)
2. Sales	Nil (3,560,411)	Nil (Nil)	Nil (3,560,411)
3. Labour Charges received	Nil (14,805,620)	Nil (Nil)	Nil (14,805,620)
4. Fixed Asset Purchase	Nil (210,000)	Nil (Nil)	Nil (210,000)
5. Loan Received	14,175 (318,372,875)	Nil (Nil)	14,175 (318,372,875)

	Associates	Key Management Personnel	Total
6. Loan amount Received Back	499,500 (Nil)	Nil (Nil)	499,500 (Nil)
7. Rent Received	10,000 (360,750)	Nil (Nil)	10,000 (360,750)
8. Equity Contribution	Nil (642,500,000)	Nil (Nil)	Nil (642,500,000)
9. Directors Remuneration	Nil (Nil)	1,622,459 (6,439,406)	1,622,459 (6,439,406)
B. Outstanding as on 31st March 2014			
1. Loans and Advances	388,574 (888,074)	1,000,000 (Nil)	1,388,574 (888,074)
2. Loans Payable	321,646,429 (318,055,655)	Nil (Nil)	321,646,429 (318,055,655)

** Remuneration includes professional fees paid to Mr. Jaikumar Kapoor Rs. 337,080/-

Note 30.

The Engineering Division at Jodhpur has closed its operation. The carrying value of the total assets to be disposed off at Jodhpur is Rs. 10,063,880 (Rs. 10,063,880) as at the Balance Sheet date.

Note 31.

Additional information required under Para 4-D of Part-II of Schedule VI to the Companies Act, 1956 as certified by a Director is as follows :

	Rs.	Rs.
a) Value of Imports on CIF basis		
Raw Materials	-	60,616,286,498
Stores and Spares	-	728,170
Capital Goods	-	-
	-	60,617,014,668
b) Expenditure in foreign currency on account of		
Travelling Expenses	-	393,069
Repairs and Maintenance	-	-
Legal & Professional Charges	-	-
	-	393,069
c) i) Break-up of the value of Raw Materials Consumed :		
Imported	-	-
	(65,397,432,582)	(94)
Indigenous	14,818,261	100
	(4,221,091,046)	(6)
	14,818,261	100
	(69,618,523,628)	(100)
ii) Break-up of Stores and Spares Consumed :		
Imported	-	-
	(1,728,954)	(10)
Indigenous	438,025	100
	(16,259,487)	(90)
	438,025	100
	(17,988,441)	(100)

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d)	Remittance of dividend in foreign currency :		
	No. of Non-Resident Shareholders	NA	NA
	No. of shares held by them	NA	NA
	Dividend Year	NA	NA
	Dividend Amount (Rs. in Lacs)	NA	NA
e)	Earning in Foreign Exchange :	Rs.	Rs.
	i) Export of Goods on F.O.B. basis	-	68,829,931,622
	ii) Recovery of Freight and Insurance	-	9,352,160
		-	68,839,283,782

Note 32.

The Company had received Confirmations as on 31st March 2013 from those overseas customers who have defaulted in payments. Creditors and other debtor's confirmation are yet to be received. Email by the Auditors to the overseas Sundry Debtors of the Company to confirm the balances as well as the transactions as on 31st March, 2014 had been sent. However the said debtors have not confirmed the same to the Auditors. Similarly letters have been sent by the Auditors to all banks asking for independent confirmations of the amounts outstanding and due to the Banks. The said confirmations have not been received by the Auditors from majority of the Banks.

Note 33.

The provision for depreciation and for all known liabilities are adequate and not in excess of the amounts reasonably necessary.

Note 34.

As per the information available with the Company and certified by them, total outstanding due to Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year is Rs. Nil (Nil).

Note 35.

Figures in brackets in notes 1 to 34 pertain to previous period which was for 18 months, it is not comparable, as the current period figures are for 6 months.

Note 36.

Previous Period's figures have been re-arranged, re-grouped or re-classified wherever necessary.

As per our attached report of even date

For R. C. RESHAMWALA & CO.

Chartered Accountants
(FRN 108832 W)

Rajnikant C. Reshamwala
Partner

Membership No. 5502

Asish Narayan
Company Secretary

Mumbai,
Date : 30th May, 2014

For and on behalf of the Board

Jaikumar Kapoor Director

Harish R. Mehta Director

Harimohan Namdev Director

WINSOME DIAMONDS AND JEWELLERY LIMITED

Registered Office: Ashoka Tower, Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004.

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Shares Held _____ Regd. Folio No. _____

DP ID No. _____ Client ID No. _____

(Name in BLOCK letters) _____

I hereby record my presence at the 28th Annual General Meeting of the Company held at Mahida Bhavan, Icchanath, Opp. S. V. R. Engineering College, Dumas Road, Surat - 395007 on Tuesday, 30th September, 2014 at 12.30 p. m.

Member's/Proxy's Signature

Note: Members/Proxy holders are requested to bring their copy of the AGM Notice with them at the Meeting.

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WINSOME DIAMONDS AND JEWELLERY LIMITED

Registered Office: Ashoka Tower, Kesharba Market-2, Gotalawadi, Katargam, Surat 395 004.

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 Member: _____

Registered Address: _____

Email ID: _____

Folio no./ Client ID No. _____ DP ID No. _____

I/We being a member(s) holding _____ shares of Winsome Diamonds and Jewellery Limited hereby appoint:

1. Name: _____ Email ID: _____ Address: _____

Signature : _____ or failing him

2. Name: _____ Email ID: _____ Address: _____

Signature : _____ or failing him

3. Name: _____ Email ID: _____ Address: _____

Signature : _____ or failing him

as /my our proxy to attend and vote (on a poll) for me/us as my /our behalf at the 28th Annual General Meeting of the Company to be held on Tuesday, 30th September, 2014 at 12.30 p.m at Mahida Bhavan, Icchanath, Opp S.V R Engineering College, Dumas Road, Surat-395007 and at any adjournment thereof in respect of such resolutions as are indicated below

- Adoption of Audited Financial Statements of the Company for the financial year ended 31st March, 2014, including the audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss for the year ended on that date and the Reports of Board of Directors and Auditors thereon
- Re-appointment of Mr. Harish Mehta (DIN:05316274) as a Director.
- Appointment of Auditors to hold office from the conclusion of 28th Annual general meeting until the conclusion of the 29th Annual general meeting of the Company and fixing their remuneration.
- Appointment of Mr. Jaikumar Kapoor (DIN: 00337011) as Director.
- Appointment of Mr. Jaikumar Kapoor as Managing Director and payment of remuneration to him.
- Appointment of Mr. Harimohan Namdev (DIN: 02658937) as an Independent Director

Affix
One Rupee
Revenue
Stamp

Signed this _____ day of _____ 2014.

Note: The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



If undelivered please return to:

Link Intime India Private Limited

Unit : Winsome Diamonds And Jewellery Limited

C-13, Pannalal Silk Mills Compound

L.B.S. Road, Bhandup (West), Mumbai 400 078