



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**



October 30, 2014 *Stock of the nation*

Ref No: NSE/LIST/1583

The Company Secretary
Classic Diamonds (India) Limited
1002, 10th Floor, Prasad Chambers,
Opera House,
MUMBAI - 400004

Dear Madam/ Sir,

Sub: - Manner of Dealing with the Qualified Audit Reports filed by the Listed Companies.

This has reference to SEBI Circular No. CIR/CFD/DIL/7/2012 dated August 13, 2012 read with the SEBI's Clarificatory Circular CIR/CFD/DIL/9/2013 dated June 05, 2013 on the captioned subject matter.

SEBI has informed the Exchange that based on the deliberations at QARC, the cases (Annexure I) were referred to FRRB for its opinion on the qualifications. Subsequently, SEBI is in receipt of opinion of FRRB in these cases.

SEBI has directed the Exchange to advise the company, with regards to rectification in terms of Clause 5 (d) (iii), the qualifications raised by the Statutory Auditor of the Company shall be suitably rectified, and the same qualification shall not appear in the Audit Report for the next reporting period.

You are advised to ensure compliance of the said SEBI directives and report status of compliance to the Exchange.

Yours faithfully,
For National Stock Exchange of India Limited

Avinash Kharkar
Asst. Vice President

CC to: The Statutory Auditor
Apte & Co., Chartered Accountants
B-1, Mahesh Niwas, 3rd Road,
L T Nagar, Goregaon (West),
Mumbai - 400062

CC to: The Statutory Auditor
Boman House, Office No. 4,
1st Floor, 2nd Homji Street,
P M Road, Fort,
Mumbai - 400001



Name of the Company	Qualification	Opinion of FRRB	Action to be taken
Classic Diamonds (India) Limited	Annual Report lays down the various disclaimers of the Statutory Auditors and since the statutory Auditors were appointed after 31st March 2013 the management has accepted the disclaimers in totality.	Disclaimer of Opinion is justified. Further, FRRB suggested that the qualification may be dealt in accordance with para 5(d)(iii) of the circular instead of 5(d)(ii)	Rectification in terms of Clause 5(d)(iii) of the SEBI Circular
	We were appointed as auditors of the Company after 31st March, 2013 and thus could not observe the counting of physical inventories at the beginning and the end of the year. Accordingly, we were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31st March, 2012 and 31st March, 2013 which are stated in the Balance Sheet at Rs.15,36,99,080 and Rs.44,11,593 respectively.		
	In addition, we were unable to confirm or verify by alternative means accounts receivable, accounts payable and corresponding translation gain or loss if any included in the Balance Sheet at a total amount of Rs.3,318,370,335 and 43,796,937 respectively as at 31st March, 2013.		
	We are also unable to confirm the bank balance (including working capital facility and over draft) and interest payable thereon since the accounts are frozen by the consortium of banks and by income tax authorities and as a result facility has been ceased to be operational.		
	The Company has been unable to renegotiate its borrowings from its bankers and also incurred loss in current year and previous year. Without such financial support there is substantial doubt that it will be able to continue as a going concern. Consequently, adjustments may be required to the recorded asset amounts and classification of liabilities. The financial statements (and notes thereto) do not disclose this fact.		
	As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded inventories, bank balance (including overdraft facilities) and interest payable thereon and accounts receivable/ payable and the elements making up the Statement of Profit and Loss and the Cash Flow Statement.		