

LIMITED REVIEW REPORT

To
The Board of Directors,
C. Mahendra Exports Limited

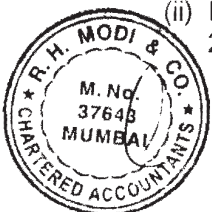
We have reviewed the accompanying statement of unaudited standalone financial results of C. Mahendra Exports Limited ('the Company') for the quarter ended 31 December 2014, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have neither been reviewed nor been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors of the company at their meeting held on 14th February, 2015. Our responsibility is to issue a report on these financial statements based on our limited review.

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

Based on our review conducted as above and subject to what is stated below nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (which as per General Circular 15/2013 dated 13 September 2013 issued by the Ministry of Corporate Affairs, continues to apply under Section 133 of the Companies Act, 2013) and other recognized accounting practices and polices has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Basis for Qualified Conclusions:-

- (i) In respect of the stocks of finished goods (polished diamonds), cost is based on technical estimate by the management to avoid distortion in valuation. In the view of nature of variation in value of individual diamonds, the differential in the costs, it is not practical to compute the cost of polished diamond using either FIFO or weighted average cost. In view of multiple grades, it is not practical to use specific cost. Further During the quarter the Management has not carried out physical verification of stock, the value of closing stock is therefore taken as certified by Management .The basis of computing the cost used in line with generally accepted industry practice is a deviation from the method prescribed by Accounting Standard (AS) 2 'Valuation of Inventory'.
- (ii) No provision has been made by the management in respect of Debtors amounting to Rs 2,86,38,193/- which is outstanding for more than 3 years.



- iii) Export receivables have not been restated based on exchange rates as at the end of the quarter under review but have been carried forward based on the exchange rate as at 30.09.2014. In view of uncertainty with regard to expected time frame for realization of export receivables. Likewise, overseas trade creditors have not been restated on exchange rate as at the end of the quarter under review but have been carried forward on the basis of exchange rate as at 30.09.2014 as these are to be paid out of export realizations. Had the trade export receivables and overseas trade creditors been restated on the basis of exchange rates as at the end of the quarter under review, it would have resulted in the notional profit by Rs 1,714.38 lacs and loss for the period to be less to that extent.
- iv) In respect of other Trade Receivables amounting to Rs 1631,96,74,623 we have not received any confirmations of balances. 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 the view of the above we are unable to comment on the realization of the debts and any provision to be made for unrealisation in the carrying amounts of these balances and the consequential impact, on the financial statements.
- v) The loan to the company amounting to Rs. 1099.19 Crore have been classified as NPA by most banks. We are also unable to confirm the bank balance (including working capital facility and overdraft) and interest payable thereon.
- vi) The company has not paid self assessment tax to Income Tax amounting to Rs.5,71,26,400 including the Interest calculated till the date of return filing date.
- vi) The company's operating results have been materially affected due to drastic drop in sales, non availability of finance, slow recovery from debtors, non disposal stock, accounts turned NPA by most consortium banks. These events have cast a significant doubt on the ability of the company to continue as a going concern. 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 debtors and/or disposal of stock of goods, to meet its short term and long term obligations as well as to establish consistent business operations. We are also unable to conclude on the ability of the company to carry on as a going concern.

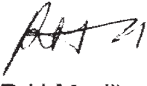
Emphasis of Matters:-

Depreciation has been provided based on the existing method pending evaluation of estimated useful life of the assets as required under schedule II of the Companies Act, 2013.

Place: Mumbai
Dated: 14th February, 2015



FOR R.H.MODI & CO.
Chartered Accountants
Firm Reg. No.: 106486W


(R.H.Modi)
Proprietor
Membership No.: 37643