



Tara Jewels Ltd  
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August 16, 2019

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

**Sub: Submission of Audited Financial Results of the Company for Year ended March 31, 2019**

Dear Sir/Madam,

Pursuant to Regulation 33 of SEBI (Listing and Disclosure Requirements) Regulations, 2015, we attach Audited Financial Results for Year ended March 31, 2019.

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

Kindly take the same on record and acknowledge the receipt.

Thanking You,  
Yours faithfully

For TARA JEWELS LIMITED

Disha Tulsiani  
-CFO



**Auditor's report on Standalone Financial Results of Tara Jewels Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To  
Resolution Professional  
Tara Jewels Limited  
Mumbai

IP Registration No: IBBI/IPA-002/IP-N00109/2017-2018/10257

The Hon'ble National Company Law Tribunal, Mumbai (NCLT) admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Tara Jewels Limited and appointed Mr. Pinakin Surendra Shah as the Interim Resolution Professional under Insolvency and Bankruptcy Code, 2016 ("Code") vide order dated November 1, 2018 and after that Mr. Brijendra Kumar Mishra appointed as Resolution Professional vide order dated January 28, 2019.

As per Section 134 of the Companies Act, 2013, the standalone Ind AS financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed. The powers of the Board of Directors stands suspended as per Section 17 of the Code and such power are being exercised by the Resolution Professional appointed by NCLT under the provisions of the Code.

We have audited the accompanying Statement of standalone financial results of **Tara Jewels Limited** ("the Company") for the quarter and year ended March 31, 2019, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. The quarterly standalone financial results are derived figures between the audited figures in respect of the year ended March 31, 2019 and the published year-to-date figures up to December 31, 2018, being the date of the end of the third quarter of the current financial year, which were subject to limited review.

The standalone financial results for the quarter and year ended March 31, 2019 have been prepared on the basis of the standalone financial results for the nine-month period ended December 31, 2018 and the audited annual standalone Ind AS financial statements as at and for the year ended March 31, 2019, and relevant requirements of Regulation 33 of the SEBI



(Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which are the responsibility of the Company's management and have been approved by the Resolution professional of the Company.

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

Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements as at and for the year ended March 31, 2019 and our review of the standalone financial results for the nine-month period ended December 31, 2018 which was prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, other accounting principles generally accepted in India and the relevant requirements of the SEBI Regulations.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our audit opinion.

#### **Basis for Qualified Opinion**

- a) In view of the slowdown in activities and under utilisation of manufacturing activities, Plant and Equipment and Factory Equipment having carrying value amounting to INR 1,562.21 Lakhs could have an impact on the net realisable value / value in use as at the reporting date. The Company has not tested these assets for impairment. In the absence of the external valuation report, we are unable to comment on the net realisable value / value in use of these equipment carried in the standalone Ind AS financial statements.
- b) The Company has carried investment in Tara (Hong Kong) Limited, a wholly owned subsidiary, amounting to INR 292.49 Lakhs in equity shares for which the management has estimated the recoverable value to be INR 149.17 Lakhs on the basis of internal evaluation and provided for impairment of INR 143.32 Lakhs. In view of the winding up order by the high court of the Hongkong special administrative region passed on April 29, 2019 and in the absence of impairment analysis by an independent valuation expert and audited financial statements of the investee, we are unable to comment on the recoverable amount as estimated by the management.
- c) The Company has carried investment in Tara Jewels Holding Inc., a wholly owned subsidiary, amounting to INR 1,210.44 Lakhs in equity shares for which the management has estimated the recoverable value to be INR 617.32 Lakhs on the basis of internal evaluation and provided for impairment of INR 593.12 Lakhs. In view of Tara Jewels



Holding Inc and its subsidiary Tara Jewels LLC filing for Chapter 11 in southern district of New York Bankruptcy Court in June 2019 and in the absence of Impairment analysis by an independent valuation expert and audited financial statements of the investee, we are unable to comment on the recoverable amount as estimated by the management.

- d) The Company has carried investment in Divya Jewels International Private Limited, amounting to INR 1.75 Lakhs in equity shares for which fair valuation has not been carried out by the management; therefore we are unable to comment on the carrying value as estimated by the management.
- e) The Company has carried investment in equity shares of listed entities amounting to INR 8.14 Lakhs for which confirmation/supporting of holding the same at the closing date has not been provided to us; in the absence of the relevant documents, we are unable to comment on the existence and recoverability of the same.
- f) The Company has security deposits of INR 16.01 Lakhs which are outstanding for a long time. In the absence of recoveries and confirmation/communication from these parties, we are unable to comment on the recoverability of these outstanding.
- g) As stated in Note no. 3(a) of the financial results, the Company is carrying inventories of raw material, work in progress, finished goods and Stores, consumables and packing material amounting to INR 2,778.39 Lakhs, INR 693.25 Lakhs, INR 251.62 Lakhs and INR 62.75 Lakhs respectively as at March 31, 2019. The Company has substantially written down its inventories periodically, by INR 47,976.69 Lakhs, to net realizable value in view of defects, damages, obsolescence, and slow-moving inventories. Significant part of the inventories is not earmarked against orders. The estimation of net realizable value of inventories has been assessed by the management based on the internal valuation. In view of distinctive nature of inventories in jewellery industry consisting of diamonds, color stones, etc. in various sizes, cuts, colors, carat and quality, it is impracticable to conduct the physical verification and identification of inventories to corroborate the management's assertions for existence, ownership and valuation of inventories. Moreover, there is no third party independent expert opinion for estimating the net realizable value of inventories. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the existence, ownership, valuation and realisability of raw material, work in progress, finished goods and Stores, consumables and packing material amounting to INR 2,778.39 Lakhs, INR 693.25 Lakhs, INR 251.62 Lakhs and INR 62.75 Lakhs respectively carried in these standalone Ind AS financial statements.
- h) As stated in Note no. 4(a), the Company is carrying net trade receivables amounting to INR 4,889.85 Lakhs as at March 31, 2019. During the year the company has written off trade receivables amounting to INR 26,759.65 Lakhs, which is adjusted against the provision for allowance for doubtful debts made in the earlier years. Further, it has made additional provision for allowance for doubtful debts amounting to INR 4,368.59 Lakhs. Majority of the receivables are overdue for a long period of time. There have been no significant transactions with these customers for more than six months. The subsequent receipts from these customers have also been insignificant. Due to low creditworthiness of the subsidiaries, the company has provided for allowance for doubtful debts during the current financial year an amount of INR 4,368.59 Lakhs. We have sent letters seeking confirmation of balances to debtors aggregating INR 9,225.52 Lakhs and have received confirmation aggregating INR 4,499.80 Lakhs only. We have not received confirmation



aggregating to INR 4,725.72 Lakhs. In the absence of adequate evidence and confirmations for outstanding receivables, we are unable to corroborate the management's assertions for existence, completeness and valuation of trade receivables. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the existence, completeness, valuation and realisability of trade receivables of INR 4,889.85 Lakhs (net of provisions) carried in these standalone Ind AS financial statements.

- i) As stated in Note no. 5 of the financial results, the Company has netted off foreign trade receivables against the outstanding payable to the same parties aggregating approximately INR 66,362.01 Lakhs. These netting off are subject to approval from Authorised Dealer as per Reserve Bank of India (RBI) guidelines. The Company is in the process of obtaining necessary approvals for the same. We are unable to comment on the impact, if any, on the standalone Ind AS financial statements of the pending approval. The Company has not obtained extension of time period for receivables against exports not realized within the stipulated period from RBI.

The company has written off trade receivables amounting to INR 27,264.08 Lakhs. Necessary approvals from the Reserve Bank of India have not been obtained. We are unable to comment on the impact, if any, on the standalone Ind AS financial statements of this non-compliance.

- j) Balance confirmation of certain margin accounts amounting to INR 9.90 Lakhs and balance confirmations/statements of certain current accounts amounting to INR 2.46 Lakhs have not been received by us; we are unable to comment on the impact, if any, on the standalone Ind AS financial statements arising out of such pending confirmations / reconciliation.
- k) The Company has refunds which are due from Tax Authorities of INR 42.15 Lakhs. In the absence of recoveries and confirmation/communication from the authorities; we are unable to comment on the recoverability of these outstanding.
- l) The company has recoverable balance of Value Added Tax amounting to INR 282.39 Lakhs and Service Tax amounting to INR 2.36 Lakhs. In the absence of supporting evidence, recoveries and confirmation/communication from the authorities; we are unable to comment on the recoverability of the same.
- m) The borrowings from banks amounting to INR 83,293.39 Lakhs including interest accrued amounting to INR 10,002.12 Lakhs have been classified as Non-Performing Asset. The Company has not provided for finance cost after initiation of CIRP process on all the loans from the financial creditors w.e.f 1st November, 2018. Therefore interest expense and borrowings are understated to that extent. In the absence of confirmation / communication from certain lenders, we are unable to reconcile interest accrued and interest expense on the borrowings with lenders.
- n) The Company has trade payables amounting to INR 11,152.50 lakhs is subject to confirmation. Adjustment, if any, will be accounted for as and when the same is reconciled.
- o) The Company is irregular in depositing its statutory dues such as Provident Fund, ESIC, Profession Tax and Income Tax Deducted at Source on timely basis, due to which the



company could be liable for penal consequences. We are unable to comment on the impact of the non-compliances on the standalone Ind AS financial statements, if any.

- p) The Company has other liabilities amounting to INR 1,157.24 lakhs is subject to confirmation. Adjustment, if any, will be accounted for as and when the same is reconciled.
- q) The Company has not obtained valuation from an actuary as required by Ind AS 19 "Employee Benefits" and provided the liability on the basis of managements estimate of actual liability amounting to INR 276.95 Lakhs, also disclosures with respect to benefits to employees as required by Ind AS 19 have not been disclosed; in view of non-availability of information with the Company and in the absence of the report we are unable to ascertain the impact of the same on standalone Ind AS Financial Statements, if any.
- r) The Company has contingent liabilities with respect to Tax Matters of INR 651.24 lakhs and legal claims Nil are estimated by the management. No updated status for the outstanding Tax Matters and legal claims was provided by the management as at March 31, 2019.
- s) Guarantee issued to the bankers of a subsidiary company i.e. Tara (Hongkong) Limited have been invoked and the claims made by bankers from the Company amounting to USD 86.74 Lakhs (approx. INR 6,412.31 Lakhs) have not been accounted for. Had the claims been accounted for by the Company the borrowings and Investment/Loans to subsidiaries would be higher by USD 86.74 Lakhs (approx. INR 6,412.31 Lakhs).
- t) The Company needs to strengthen its internal control system, in particular of its accounts receivables including periodic reconciliation with customers, physical verification, quantity reconciliation, valuation of inventories and payment of statutory dues. We are unable to determine the consequential impact, if any, of these aforesaid weaknesses on the standalone Ind AS financial statements.
- u) The Company has not obtained secretarial audit report from a company secretary in practice as required by Section 204 of the Companies Act, 2013. In absence of secretarial audit report and non-availability of secretarial records maintained by the company, we are unable to ascertain whether the company has complied with all the legal and regulatory provisions and comment on the possible impact, if any, of non-compliance with the provisions of the Act.

Accordingly, we are unable to comment on the possible impact, if any, of non-compliance with the provisions of the Act.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the 'Basis of Qualified Opinion' paragraph above, these standalone quarterly and annual financial results:

- a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.



- b) give a true and fair view of the standalone net Loss (financial performance including other comprehensive income) and other financial information of the company for the quarter and year ended March 31, 2019.

**Emphasis of matter**

We draw attention to the following:

Note no. 6 of the financial results, wherein the management has prepared standalone Ind AS Financial Statements on going concern basis in spite of :

- a) The company has reported loss after tax of INR 67,025.36 lakhs during the year ended March 31, 2019, negative operating cash flows for past two years and net liabilities exceeds net assets by INR 85,205.76 Lakhs;
- b) Lenders have classified the company's Account as Non-Performing Asset.
- c) National Company Law Tribunal ("NCLT") has admitted petition for insolvency proceedings initiated by operational creditors against the Company vide order C.P. (IB) No. 1541/I&BP/NCLT/MAH/2017 dated November 1, 2018 for Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016.

All this above mentioned situation indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

Our Opinion is not modified for the above matter.



For GMJ & Co  
Chartered Accountants  
(FRN: 103429W)

A handwritten signature in blue ink, appearing to read "S. Maheshwari".

(CA S. Maheshwari)  
Partner

M.No.: 038755

UDIN: 190387 55AAAA EA3528

Place : Mumbai  
Date : July 25, 2019

**Auditor's report on Consolidated Financial Results of Tara Jewels Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To

**Resolution Professional  
Tara Jewels Limited  
Mumbai**

**IP Registration No: IBBI/IPA-002/IP-N00109/2017-2018/10257**

The Hon'ble National Company Law Tribunal, Mumbai (NCLT) admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Tara Jewels Limited and appointed Mr. Pinakin Surendra Shah as the Interim Resolution Professional under Insolvency and Bankruptcy Code, 2016 ("Code") vide order dated November 1, 2018 and after that Mr. Brijendra Kumar Mishra appointed as Resolution Professional vide order dated January 28, 2019.

As per Section 134 of the Companies Act, 2013, the financial statements of a Company are required to be authenticated by the Chairperson of the Board of Directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed. The powers of the Board of Directors stands suspended as per Section 17 of the Code and such power are being exercised by the Resolution Professional appointed by NCLT under the provisions of the Code.

Our responsibility is to express an opinion on these consolidated financial results based on our audit of such Consolidated Ind AS Financial Statements for the year ended March 31, 2019, which have been prepared in accordance with the recognition and measurement principles laid down in Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our audit opinion.

**Basis for Qualified Opinion**

- a) The Holding Company has made investments in Tara (Hong Kong) Limited, a wholly owned subsidiary, amounting to INR 292.49 Lakhs in equity shares. The High Court of the Hongkong special administrative region has passed a winding up order on April 29, 2019 and hence we are

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unable to comment on the recoverable amount of its assets as estimated by the management.

- b) The Holding Company has made investments in Tara Jewels Holding Inc., a wholly owned subsidiary, amounting to INR 1,210.44 Lakhs in equity shares. The subsidiary company has filed under Chapter 11 of Southern District of New York Bankruptcy Court in June, 2019 and hence we are unable to comment on the recoverable amount of its assets as estimated by the management.
- c) The financial statements of all the subsidiaries including step down subsidiaries are unaudited and have been certified by the management only. They do not have the disclosures as required by law and regulations. In view of the same, we are unable to comment on non-compliances of laws and regulations, if any and the disclosures with respect to subsidiaries in the consolidated Ind AS financial statements.
- d) In view of the slowdown in activities and under utilisation of Manufacturing activities, Plant and Equipment and Factory Equipment of the Holding Company having carrying value amounting to INR 1,562.21 Lakhs could have an impact on the net realisable value / value in use as at the reporting date. The Holding Company has not tested these assets for impairment. In the absence of the external valuation report, we are unable to comment on the net realisable value / value in use of these equipment carried in the consolidated Ind AS financial statements.
- e) The Holding Company has carried investment in Divya Jewels International Private Limited, amounting to INR 1.75 Lakhs in equity shares for which fair valuation has not been carried out by the management; therefore we are unable to comment on the carrying value as estimated by the management.
- f) The Holding Company has carried investment in equity shares of listed entities amounting to INR 8.14 Lakhs for which confirmation/supporting of holding the same at the closing date has not been provided to us; in the absence of the relevant documents, we are unable to comment on the existence and recoverability of the same.
- g) Security deposits of INR 16.01 Lakhs of the Holding Company are outstanding for a long time. In the absence of recoveries and confirmation/communication from these parties, we are unable to comment on the recoverability of these outstanding.
- h) As stated in Note 3(b) of financial results, the Group is carrying inventories of raw material, work in progress, finished goods and Stores, consumables and packing material amounting to INR 2,868.63 Lakhs, INR 693.25 Lakhs, INR 681.45 Lakhs and INR 62.75 Lakhs respectively as at March 31, 2019. The Group has substantially written down its inventories periodically, by INR 52,933.52 Lakhs, to net realizable value in view of defects, damages, obsolescence, and slow-moving inventories. Significant part of the inventories is not earmarked against orders. The estimation of net realizable value of inventories has been assessed by the management based on the internal valuation. In view of distinctive nature of inventories in jewellery industry consisting of diamonds, color stones, etc. in various sizes, cuts, colors, carat and quality, it is impracticable to conduct the physical verification and identification of inventories to corroborate the management's assertions for existence, ownership and valuation of inventories. Moreover, there is no third party independent expert opinion for estimating the net realizable value of inventories. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the existence, ownership, valuation and realisability of raw material, work in progress, finished goods and Stores, consumables and packing material amounting to INR 2,868.63 Lakhs, INR 693.25 Lakhs, INR 681.45 Lakhs and INR 62.75 Lakhs respectively carried in these consolidated Ind AS financial statements.
- i) As stated in Note 4(b) of financial results, the Group is carrying net trade receivables amounting to INR 22,452.77 Lakhs as at March 31, 2019. During the year the Group has written off trade



receivables amounting to INR 31,610.52, of which INR 26,759.65 Lakhs is adjusted against the provision for allowance for doubtful debts made in the earlier years. Further, it has made additional provision for allowance for doubtful debts amounting to INR 103.76 Lakhs. Majority of the receivables are overdue for a long period of time. There have been no significant transactions with these customers for more than six months. The subsequent receipts from these customers have also been insignificant. We have sent letters seeking confirmation of balances to trade receivables of the Holding Company aggregating INR 4,842.42 Lakhs and have received confirmation aggregating INR 116.70 Lakhs only. We have not received confirmation aggregating to INR 4,725.72 Lakhs. In the absence of adequate evidence and confirmations for outstanding receivables, we are unable to corroborate the management's assertions for existence, completeness and valuation of trade receivables. In view of the above, we are unable to obtain sufficient and appropriate audit evidence and are unable to comment on the existence, completeness, valuation and realisability of trade receivables of INR 22,452.77 Lakhs (net of provisions) carried in these consolidated Ind AS financial statements.

- j) As depicted in Note No. 5 of the financial results, the Holding Company has netted off foreign trade receivables against the outstanding payable to the same parties aggregating approximately INR 66,362.01 Lakhs. These netting off are subject to approval from Authorised Dealer as per Reserve Bank of India (RBI) guidelines. The Company is in the process of obtaining necessary approvals for the same. We are unable to comment on the impact, if any, on the consolidated Ind AS financial statements of the pending approval. The Holding Company has not obtained extension of time period for receivables against exports not realized within the stipulated period from RBI.

The Holding company has written off trade receivables amounting to INR 27,264.08 Lakhs. Necessary approvals from the Reserve Bank of India have not been obtained. We are unable to comment on the impact, if any, on the consolidated Ind AS financial statements of this non-compliance.

- k) Balance confirmation of certain margin accounts of the Holding Company amounting to INR 9.90 Lakhs and balance confirmations/statements of certain current accounts of the Holding Company amounting to INR 2.46 Lakhs have not been received by us; we are unable to comment on the impact, if any, on the consolidated Ind AS financial statements arising out of such pending confirmations / reconciliation.
- l) Refunds of the Holding Company are due from Tax Authorities of INR 42.15 Lakhs. In the absence of recoveries and confirmation/communication from the authorities; we are unable to comment on the recoverability of these outstanding.
- m) The Holding Company has recoverable balance of Value Added Tax amounting to INR 282.39 Lakhs and Service Tax amounting to INR 2.36 Lakhs. In the absence of supporting evidence, recoveries and confirmation/communication from the authorities; we are unable to comment on the recoverability of the same.
- n) The borrowings of Holding Company from banks amounting to INR 83,293.39 Lakhs including interest accrued amounting to INR 10,002.12 Lakhs have been classified as Non-Performing Asset. The Holding Company has not provided for finance cost after initiation of CIRP process on all the loans from the financial creditors w.e.f 1st November, 2018. Therefore interest expense and borrowings are understated to that extent. In the absence of confirmation / communication from certain lenders, we are unable to reconcile interest accrued and interest expense on the borrowings with lenders.
- o) The Group has trade payables amounting to INR 12,641.62 Lakhs are subject to confirmation. Adjustment, if any, will be accounted for as and when the same is reconciled.



- p) The Holding Company is irregular in depositing its statutory dues such as Provident Fund, ESIC, Profession Tax and Income Tax Deducted at Source on timely basis, due to which the company could be liable for penal consequences. We are unable to comment on the impact of the non-compliances on the consolidated Ind AS financial statements, if any.
- q) The Group has other liabilities amounting to INR 1,347.09 Lakhs is subject to confirmation. Adjustment, if any, will be accounted for as and when the same is reconciled.
- r) The Holding Company has not obtained valuation from an actuary as required by Ind AS 19 "Employee Benefits" and provided the liability on the basis of managements estimate of actual liability amounting to INR 276.95 Lakhs, also disclosures with respect to benefits to employees as required by Ind AS 19 have not been disclosed; in view of non-availability of information with the Holding Company and in the absence of the report we are unable to ascertain the impact of the same on consolidated Ind AS Financial Statements, if any.
- s) The Holding company's contingent liabilities with respect to Tax Matters of INR 651.24 Lakhs and legal claims INR Nil are estimated by the management. No updated status for the outstanding Tax Matters and legal claims was provided by the management as at March 31, 2019.
- t) The Group needs to strengthen its internal control system, in particular of its accounts receivables including periodic reconciliation with customers, physical verification, quantity reconciliation, valuation of inventories and payment of statutory dues. We are unable to determine the consequential impact, if any, of these aforesaid weaknesses on the consolidated Ind AS financial statements.
- u) The Holding Company has not obtained secretarial audit report from a company secretary in practice as required by Section 204 of the Companies Act, 2013. In absence of secretarial audit report and non-availability of secretarial records maintained by the company, we are unable to ascertain whether the company has complied with all the legal and regulatory provisions and comment on the possible impact, if any, of non-compliance with the provisions of the Act.

Accordingly, we are unable to comment on the possible impact, if any, of non-compliance with the provisions of the Act.

#### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the 'Basis of Qualified Opinion' paragraph above, these consolidated quarterly financial results as well as the consolidated year to date results and other financial information of the subsidiaries in other matters paragraph below, the statement includes the results of the following entities as at March 31,2019:

Sr. No.	Name of the company	Relation	Audit Status
1	Tara Jewels Holding Inc	Wholly owned subsidiary	Unaudited and Certified by the Management
2	Fabricant Tara International LLC	Step down subsidiary	Unaudited and Certified by the Management
3	Tara (Hongkong) Limited	Wholly owned subsidiary	Unaudited and Certified by the Management
4	Tara China Jewelry Limited	Step down subsidiary	Unaudited and Certified by the Management

- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016 in this regard; and



- (ii) gives a true and fair view of the consolidated net loss (financial performance including other comprehensive income) and other financial information of the group for the quarter and year ended March 31, 2019.

**Emphasis of matter**

We draw attention to the following:

Note 6 of financial results, wherein the management of the Holding Company has prepared consolidated Ind AS Financial Statements on going concern basis in spite of:

- a) The Group has reported loss after tax of INR 76,717.46 Lakhs during the year ended March 31, 2019, negative operating cash flows and net liabilities exceeds net assets by INR 88,825.57 Lakhs;
- b) Lenders have classified the Holding Company's Account as Non-Performing Asset.
- c) National Company Law Tribunal ("NCLT") has admitted petition for insolvency proceedings initiated by operational creditors against the Holding Company vide order C.P. (IB) No. 1541/I&BP/NCLT/MAH/2017 dated November 1, 2018 for Corporate Insolvency Resolution Process under Insolvency and Bankruptcy Code, 2016.
- d) The Holding company has invested in its wholly owned subsidiary company i.e. in Tara (Hongkong) Limited, wherein a winding up order by the High Court of the Hongkong special administrative region is passed on April 29, 2019. It also has a step down subsidiary i.e. Tara China Jewelry Limited.
- e) The Holding company has invested in its wholly owned subsidiary i.e. Tara Jewels Holding Inc and has a step down subsidiary i.e. Tara Jewels LLC (Formerly known as Fabrikant Tara International LLC). Both the companies have filed for Chapter 11 in southern district of New York Bankruptcy Court on June 21, 2019.

All this above mentioned situation indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

Our Opinion is not modified for the above matter.

**Other Matter**

- i. We did not audit the financial statements / financial information of wholly owned subsidiaries including step down subsidiaries, whose financial statements / financial information reflect total assets of INR 19,517.46 Lakhs as at 31st March, 2019 and total revenues of INR 4,696.67 Lakhs for the year ended on that date, as considered in the consolidated Ind AS Financial Statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries are based solely on management's representation on such unaudited financial statements. The Holding Company's Management has converted the financial statements of such subsidiaries incorporated outside India from accounting principles generally accepted in their respective countries to

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