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RED HERRING PROSPECTUS
Dated: March 15, 2010
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue

Goenka Diamond & Jewels Limited

Our Company was incorporated on November 5, 1990 as "Goenka Exports Private Limited", a private limited company under the Companies Act, 1956 (**"Companies Act"**). With effect from July 1, 1997, our Company became a "deemed public company" by virtue of section 43(A) of the Companies Act and ceased to be a private company. Subsequently by a shareholders resolution dated January 29, 2002, our Company became a public company and a fresh certificate of incorporation, in the name of "Goenka Exports Limited" was issued by the Registrar of Companies, Rajasthan, situated at Jaipur (the "RoC") on January 30, 2002. The name of our Company was changed to "Goenka Exports Private Limited" following a special resolution in the extraordinary general meeting held on November 29, 2004 and a fresh certificate of incorporation was issued by the RoC on December 10, 2004. Our Company changed its name to "Goenka Diamond and Jewels Private Limited" pursuant to a special resolution at the extraordinary general meeting held on March 21, 2008. A fresh certificate of incorporation was issued by the RoC on March 27, 2008. By a resolution dated April 15, 2008, our Company was converted into a public limited company and its name was changed to its present name "Goenka Diamond and Jewels Limited". A fresh certificate of incorporation was issued by RoC on May 15, 2008 consequent to change of name on conversion to public limited company. For further details in this regard, see the section titled *"History and Certain Corporate Matters"* on page 82.

Registered Office: 401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur-302003, India. **Telephone:** + 91 141 2574175; **Facsimile:** +91 141 2573305
Corporate Office: Premises No. 1305, 13th Floor, Panchratna Building, Mama Parmanand Marg, Opera House, Girgaon Division, Street No. 184, Mumbai - 400 004, India.
Telephone: + 91 22 23620222; **Facsimile:** + 91 22 23676020;
Contact Person and Compliance Officer: Ms. Hemangi Shailesh Patil; **Telephone:** + 91 22 23891678; **Facsimile:** + 91 22 23676020;
Email: cs@goenkadiamonds.com; **Website:** www.gdjl.co.in

PROMOTERS OF OUR COMPANY		
MR. NAND LAL GOENKA	MR. NAVNEET GOENKA	MR. NITIN GOENKA

PUBLIC ISSUE OF 1,00,00,000 EQUITY SHARES OF FACE VALUE OF RS.10 EACH ("EQUITY SHARES") OF GOENKA DIAMOND AND JEWELS LIMITED ("GDJL", OR THE "COMPANY", OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE), AGGREGATING RS. [●] (THE "ISSUE"). THE ISSUE SHALL CONSTITUTE 30.93% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10

THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY THE COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED BY THE COMPANY AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision of the Price Band, subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the National Stock Exchange of India Limited (the **"NSE"**) and the Bombay Stock Exchange Limited (the **"BSE"**), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the other members of the Syndicate.

The Issue is being made through the 100% Book Building Process, wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (**"QIB"**) Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of our Equity Shares, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs. 10 and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (as determined by our Company, in consultation with Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the 'risk factors' carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (**"SEBI"**), nor does SEBI guarantee the accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page x.

IPO GRADING

This Issue has been graded by ICRA Limited and has been assigned the "IPO Grade 2/5" indicating below average fundamentals, through its letter dated March 6, 2010, which is valid for a period of two months from the date of issue of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. For more information on IPO grading, see the section titled "General Information" on page 21.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the (**"NSE"**) and the (**"BSE"**). Our Company has received in-principle approvals from the NSE and the BSE for listing of the Equity Shares pursuant to their letters dated December 4, 2009 and November 12, 2009, respectively. For the purposes of this Issue, the BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
SBI Capital Markets Limited	KARVY Karvy Computershare Private Limited
SBI Capital Markets Limited 202, Maker Towers 'E', Cuffe Parade Mumbai-400 005, India Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: goenkadiamond.ipo@sbicaps.com Investor Grievance ID: Investor.relations@sbicaps.com Contact Person: Mr. Apurva Kumar Website: www.sbicaps.com SEBI Registration No: INM000003531	**Karvy Computershare Private Limited** 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad- 500 034, India Tel: +91 040 2342 0815/24 Fax: +91 040 2342 0814 Email: varghese@karvy.com Contact Person: Mr. P. A. Varghese Website: www.karvy.com SEBI Registration number: INR000000221

BID/ISSUE PROGRAMME	
BIDDING/ISSUE OPENS ON : MARCH 23, 2010	**BIDDING/ISSUE CLOSES ON : MARCH 26, 2010**

CMYK

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Company and Industry related terms

Term	Description
Articles/Articles of Association/AoA	The articles of association of our Company, as amended from time to time.
Auditors	Joint statutory auditors of the Company, M/s. B. Khosla & Co. and M/s. Haribhakti & Co.
Board/Board of Directors	The board of directors of our Company as constituted from time to time including any committees thereof.
CPD	Cut and polished diamonds.
Director(s)	Director(s) on the Board of our Company.
Diamond Processing or Diamond Business	The business segment of the Company which undertakes trading, cutting and polishing of diamonds.
DTC	District Trading Corporation.
Group Companies	Companies, firms, ventures, etc. promoted by the Promoters of the Company, irrespective of whether such entities are covered under section 370 (1) (B) of the Companies Act.
Jewellery Business	The business segment of the Company which undertakes manufacturing and retail of jewellery.
Memorandum/Memorandum of Association/MoA	The memorandum of association of our Company.
Promoters	Mr. Nand Lal Goenka, Mr, Navneet Goenka and Mr. Nitin Goenka.
Promoter Group	Refers to companies/entities as defined under Sub- Regulation (zb) of Regulation 2 of ICDR Regulations.
Registered Office	401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur-302003, Rajasthan, India.
Subsidiary	M.B. Diamonds LLC, incorporated under the civil code of Russian Federation.
We, us, our, the Company and our Company	Goenka Diamonds and Jewels Limited, a public limited company incorporated under the Companies Act, and having its registered office at 401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur-302003, Rajasthan, India.
VVS	Very very slight.

Issue related terms

Term	Description
Allot or Allotment or Allotted	Unless the context otherwise requires, shall mean the issue and allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom the Equity Shares have been allotted.
ASBA	Application supported by blocked amount.
ASBA Account	Account maintained by an ASBA Bidder with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid	Bid made by an ASBA Bidder through ASBA Form.
ASBA Bidder	A Retail Individual Bidder or a Non-Institutional Bidder who Bids under the Issue through the ASBA in accordance with the terms of the Red Herring Prospectus.
ASBA Form	The application form (whether physical or electronic) in terms of which an ASBA Bidder shall make a Bid containing an authorisation to block the Bid Amount in an ASBA Account and which will be considered as an application for Allotment, pursuant to the terms of the Red Herring Prospectus.
Banker(s) to the Issue or Escrow Collection Banks	The banks which are clearing members and registered with the SEBI or bankers to the Issue with whom the Escrow Account will be opened, being HDFC Bank Limited, .

Term	Description
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe for Equity Shares at a price within the Price Band through the Bid cum Application Form, the Revision Form or by an ASBA Bidder through ASBA Form, as the case may be.
Bid Amount	The highest Bid Price indicated in the Bid cum Application Form and in case of ASBA Bidders, the Bid amount mentioned in the ASBA Form.
Bid cum Application Form	The form in terms of which the Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as the application for Allotment.
Bid Price	The prices indicated within the optional Bids in the Bid cum Application Form.
Bid/Issue Closing Date	The date after which the members of the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national newspaper and a Hindi national newspaper each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations.
Bid/Issue Opening Date	The date on which the members of the Syndicate and SCSBs shall start accepting Bids, which shall be the date notified in an English national newspaper and a Hindi national newspaper each with wide circulation and in case of any revision, the extended Bid/Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the ICDR Regulations.
Bidder	Any prospective investor who makes a Bid through the Bid cum Application Form or ASBA Form, as the case may be, pursuant to the terms of the Red Herring Prospectus.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which Bidders can submit their Bids, inclusive of any revision thereof (except in the case of ASBA Bidders).
Book Building Process/Method	Book building process as provided in Schedule XI of the ICDR Regulations.
Book Running Lead Manager/BRLM/Lead Manager	SBI Capital Markets Limited.
Business Days	All days on which commercial banks in Mumbai are open for business, except Saturday, Sunday and any public holiday.
CAN/Confirmation of Allocation Note	The note or advice or intimation sent to the Bidders who have been allocated Equity Shares, after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band.
Controlling Branches	Such branches of the SCSBs which coordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in
Cut-off Price	The price within the Price Band finalized by our Company in consultation with the Book Running Lead Manager at which only Retail Individual Bidders are entitled to Bid.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on http://www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account and the amount blocked by the SCSBs are transferred from the SCSBs where the account of the ASBA Bidders are held to the Public Issue Account, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees.
Designated Stock Exchange	BSE
Draft Red Herring Prospectus/DRHP	The draft red herring prospectus dated September 25, 2009filed with SEBI and issued in accordance with Section 60B of the Companies Act and the ICDR Regulations, which does not contain, *inter alia,* complete particulars of the price at which the Equity Shares are offered.
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus

Term	Description
	constitutes an invitation to subscribe to the Equity Shares, pursuant to the terms of the Red Herring Prospectus.
Equity Shares	The equity shares of our Company of face value of Rs. 10 each.
Escrow Account	Accounts opened with the Escrow Collection Banks for this Issue to which cheques or drafts of the Margin Amount are issued by a Bidder (excluding the ASBA Bidders), when submitting a Bid and the remainder of the Bid Amount, if any.
Escrow Agreement	Agreement to be entered into by our Company, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being HDFC Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, Punjab National Bank and State Bank of India.
FCNR Account	Foreign Currency Non-Resident Account.
FII	Foreign Institutional Investors and sub-accounts, as defined under the FII Regulations and registered with the SEBI under applicable laws in India.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form, or the ASBA Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
IPO Grading Agency	ICRA Limited, the credit rating agency appointed by our Company for grading this Issue.
Issue	Public issue of 1,00,00,000 Equity Shares for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs. **[●]** lakhs.
Issue Price	The final price at which Equity Shares will be Allotted, as determined by our Company in consultation with the Book Running Lead Manager.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid cum Application Form or in the ASBA Account at the time of submission of the ASBA Form, which may range between 10% and 100% of the Bid Amount.
MICR	Magnetic Ink Character Recognition.
Mutual Fund Portion	5% of the QIB Portion or 2,50,000 Equity Shares, available for allocation to Mutual Funds only, out of the QIB Portion.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
NEFT	National Electronic Fund Transfer Service.
Net Proceeds	Proceeds of this Issue, after deducting the expenses associated with this Issue.
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
Non Resident Indian or NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
Non Residents or NRs	Person resident outside India, as defined under FEMA, including Eligible NRIs and FIIs.
Non-Institutional Bidders	All Bidders, including ASBA Bidders, that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of this Issue being not less than 15% of the Issue consisting of 15,00,000 Equity Shares, available for allocation to Non-Institutional Bidders.
Pay-in Date	The Bid/Issue Closing Date with respect to the Bidders whose Margin Amount is 100% of the Bid Amount or the last date specified in the CAN sent to the Bidders with respect to the Bidders whose Margin Amount is less than 100% of the Bid Amount.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending

Term	Description
	until the closure of the Pay-in Date specified in the CAN.
Payment through electronic transfer of funds	Payment through ECS, Direct Credit or RTGS, as applicable.
Price Band	The price band with a minimum price (Floor Price) of Rs. [•] and the maximum price (Cap Price) of Rs. [•], including any revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company in consultation with the BRLM and advertised by us in all editions of the national newspapers (one each in English and Hindi) at least two days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which the Issue Price is finalised by our Company in consultation with the Book Running Lead Manager.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue post the Pricing Date in accordance with Section 60 of the Companies Act and ICDR Regulations, which would include, *inter alia*, the Issue Price, the size of this Issue and certain other information.
Public Issue Account	The account or accounts opened with the Bankers to the Issue, subject to applicable law, to receive money from the Escrow Accounts and the ASBA Accounts on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	The portion of the Issue being up to 50,00,000 Equity Shares available for allocation to the QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and their sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, Mutual Funds, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 2,500 lakhs, pension funds with a minimum corpus of Rs. 2,500 lakhs and the NIF and insurance funds set-up and managed by army, navy or air force of the Union of India, eligible for bidding in the Issue.
Red Herring Prospectus or RHP	This red herring prospectus dated March 15, 2010 issued by our Company in accordance with Section 60B of the Companies Act and the ICDR Regulations and which does not contain, *inter alia*, complete particulars of the price at which the Equity Shares are offered and the size (in terms of value) of this Issue.
Refund Account	The account opened with the Refund Banker(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding the ASBA Bidder) shall be made.
Refund Banker(s)	HDFC Bank Limited
Refunds through electronic transfer of funds	Refunds through ECS, NEFT, Direct Credit or RTGS, as applicable.
Registrar/Registrar to the Issue	Karvy Computershare Private Limited
Resident Retail Individual Investor	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has not Bid for Equity Shares for an amount more than Rs. 100,000 in any of the bidding options in the Issue.
Retail Individual Bidder(s)	Bidders, including HUFs (applying through their *Karta*) and ASBA Bidders, who have Bid for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of this Issue being not less than 35% of this Issue, consisting of 35,00,000 Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf.
Stock Exchanges	The BSE and the NSE, as the context may refer to.
Syndicate Agreement	The agreement to be entered into among our Company and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate Members	SBICAP Securities Limited and SMC Global Securities Limited.
Syndicate or members of the Syndicate	The Book Running Lead Manager and the Syndicate Members.

Term	Description
TRS/Transaction Registration Slip	The slip or document issued by a member of the Syndicate or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid.
Underwriters	The Book Running Lead Manager and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between our Company and the Underwriters on or after the Pricing Date.
Venture Capital Funds/VCF	Venture capital funds, as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time, and registered with SEBI.

Conventional and general terms/Abbreviations

Term	Description
A/c	Account.
Act or Companies Act	The Companies Act, 1956 as amended from time to time.
AGM	Annual general meeting.
Air Act	Air (Prevention and Control of Pollution Act), 1981.
AS	Accounting standards issued by the Institute of Chartered Accountants of India.
AY	Assessment year.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Depositories Act	Depositories Act, 1996 as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
DP/Depository Participant	A depository participant as defined under the Depositories Act.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EGM	Extraordinary general meeting.
EPS	Earnings per share (as calculated in accordance with AS-20).
FDI	Foreign direct investment.
FEMA	Foreign Exchange Management Act, 1999, read with its related rules and regulations.
FII(s)	Foreign institutional investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 1995) registered with SEBI under applicable laws in India.
Financial Year/Fiscal/FY	Period of twelve months ending on March 31 of that particular year (except as stated).
FIPB	Foreign Investment Promotion Board.
GDP	Gross domestic product.
G&J	Gems and Jewellery
GJEPC	Gems and Jewellery Export Promotion Council.
GoI	Government of India.
HNI	High networth individual.
HUF	Hindu undivided family.
ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
IMaCS	ICRA Management Consulting Services Limited.
IMF	International Monetary Fund.
Indian GAAP	Generally accepted accounting principles in India.
IPC	Indian Penal Code, 1860.
IPO	Initial public offer.
IFRS	International Financial Reporting Standards.
LLC	Limited Liability Company
Mn/mn	Million.
NA	Not applicable.
NAV	Net asset value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of profit & loss account, divided by weighted average number of issued equity shares.
NEFT	National electronic fund transfer service.

Term	Description
NOC	No objection certificate.
NR	Non-resident.
NRE Account	Non resident external account.
NRI	Non resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRO Account	Non resident ordinary account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Partnership Act	Indian Partnership Act, 1932.
P/E Ratio	Price/earnings ratio.
PAN	Permanent account number allotted under the I.T Act.
PIO	Persons of Indian Origin.
RBI	The Reserve Bank of India.
RoC / ROC	Registrar of Companies.
RONW	Return on net worth.
Rs./RS.	Indian Rupees.
RTGS	Real time gross settlement.
SICA	Sick Industries Companies Act, 1985 as amended.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time.
Sec.	Section.
SEZ	Special Economic Zone.
SEZ Act	Special Economic Zones Act, 2005.
SIA	Secretariat for Industrial Assistance.
Stock Exchange(s)	BSE and/or NSE depending on the context.
Securities Act	U. S Securities Act of 1933, as amended.
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.
US GAAP	Generally accepted accounting principles in the US.
US/USA	United States of America.
USD or $ or US $	United States Dollar.
VCFs	Venture capital funds as registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Currency of presentation

In this Red Herring Prospectus, references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America. All reference to Roubles, are to the official currency of Republic of Russia.

All references in this Red Herring Prospectus to "India" are to the Republic of India.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding.

Financial data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated consolidated and unconsolidated financial statements prepared in accordance with the ICDR Regulations, which are included in this Red Herring Prospectus. Our financial year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year are to the twelve-month period ended on March 31 of that year.

There are significant differences among Indian GAAP, IFRS and US GAAP. We have not attempted to quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the restated financial statement included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding.

Market and industry data

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications including IMF, RBI and Ministry of Finance, GJEPC and IMaCs. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source.

Further, the extent to which the market data is presented in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Except as otherwise stated in this Red Herring Prospectus, the exchange rates of the respective foreign currencies are as follows:

Currency	Exchange rate into (Rs. as on February 26, 2010)
1 USD	46.23

Source: RBI Reference Rate

1 Rouble		
Calendar year	**Average rate**	**Closing rate for respective calendar year end**
2006	1.66857	1.67630 (December 31, 2006)
2007	1.61674	1.60920 (December 31, 2007)
2008	1.76165	1.70070 (December 31, 2008)
2009	1.54823	1.55010 (December 31, 2009)

Source: www.oanda.com

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. These forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations and our future financial condition and results of operations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- our ability to manage our growth effectively;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to compete effectively, particularly in new markets and businesses;
- our ability to anticipate trends in and suitably expand our current business lines;
- decrease in the availability and an increase in the price of diamonds and other materials;
- our dependence on key personnel;
- demand for our diamonds and jewellery products;
- our ability to retain existing customers or encourage repeat purchases;
- consumer tastes and preferences for diamonds and fine jewellery;
- changes in the value of the Indian Rupee and other currency changes
- conflicts of interest with affiliated companies, the Promoter Group and other related parties;
- our ability to timely complete development and construction of projects;
- the outcome of legal or regulatory proceedings that we are or might become involved in;
- contingent liabilities, environmental problems and uninsured losses;
- government approvals;
- changes in government policies and regulatory actions that apply to or affect our business; and
- developments affecting the Indian economy.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion of Financial Condition and Results of Operations" on pages x and 120 respectively.

The Company and the BRLM are obliged to update the Red Herring Prospectus and, in accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SECTION II – RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks described below before making an investment decision. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be seriously harmed, the trading price of our Equity Shares could decline, and you may lose all or part of your investment in the Equity Shares.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risk factors described in this section.

Any potential investor and/or purchaser of, our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States and other countries. We have highlighted some of the risk factors here. However, the risks set out by us in this Red Herring Prospectus may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

The figures appearing in this section are based on our restated unconsolidated financial statements on page 119.

Internal Risk Factors

1. Our Company has made an application to the Company Law Board for compounding under section 621-A of the Companies Act

Our Company, has made an application dated September 12, 2009, before the Company Law Board, (Northern Region Bench), New Delhi, for compounding of offence under section 621-A of the Companies Act for non compliance with section 295 of the Companies Act. Our Company had provided collateral security for a loan borrowed by one of ourGroup Companies, Goenka Jewellers, a partnership firm, from UCO Bank and Punjab and Sindh Bank on February 9, 2007 and July 27, 2007 respectively. Under section 295(1) (b) of the Companies Act, no company unless exempted as stated under section 295 (2), shall provide security in connection with a loan borrowed by a partnership firm in which any such directors of the Company are also partners, without obtaining prior approval of the Central Government. At the time of providing the security, our Company was a private company and hence was exempt under Section 295 (2). However on April 15, 2008, our Company became a public company and on May 5, 2009 and February 13, 2009, our Company renewed the same collateral securities given in favour of UCO Bank and Punjab and Sindh Bank respectively, without taking prior government approval. Under section 295 (4) of the Companies Act, every person who is a knowing party for contravention of section 295(1) including in particular any person to whom the loan is made or who has taken the loan in respect of which the guarantee is given or the security is provided, shall be punishable either with fine which may extend to Rs. 50,000 or with simple imprisonment for a term which may extend to six months. For details with respect to security provided by our Company in favour of Goenka Jewellers, refer to section titled "Financial Indebtedness" at page 141.

2. Our Company is involved in certain legal and other proceedings and may face certain liabilities

As on the date of filing the Red Herring Prospectus, there is one civil proceeding and two tax related litigation pending against our Company:

Civil proceedings against our Company

Su-Na-Ra Trading and Investment Private Limited has filed a suit (Number 4893 of 1999) against Ms. Lilavanti in the Bombay High Court on August 19, 1999 and by an order dated January 11, 2001, our Company has been added as a defendant to the suit. The suit pertains to the sale of the flat number 4, 1st floor, Mount Unique, Co-operative Society Dr. GD Marg, Mumbai 400026, by Ms. Lilavanti to the Company by way of an agreement for sale dated August 16, 1999. The plaintiff has alleged that there already is a prior agreement for the sale of the flat between Ms. Lilavanti and the plaintiff, and therefore, the agreement for sale between Ms. Lilavanti and the Company is void and not binding upon Ms. Lilavanti and that the agreement between Ms. Lilavanti and the plaintiff be enforced. The matter is currently pending and the next date of hearing is yet to be notified.

Tax proceedings against our Company

The tax proceeding have been initiated against the Company with respect to filing of the returns for the assessment years 2001-2002 and 2002-2003. The total outstanding liability against the Company with respect to the tax proceedings is Rs. 33.89 lakhs. The details of the tax proceedings are as under:

1. Pursuant to a scrutiny of the returns of the Company for the assessment year 2003-2004, the Assistant Commissioner of Income Tax (Circle-II, Jaipur), in his capacity as the assessing officer, by an order dated March 28, 2006, set aside an amount equal to Rs. 1,82,00,140 from the books of accounts for the purchase of cut and polished diamonds from M/s Excel Gems. The assessing officer further added a sum equal to Rs. 47,08,140 as income of the Company under the head 'income from other sources' and also disallowed deduction under Section 80HHC of the I. T Act. The Company appealed against the order of the assessing officer to the Commissioner of Income Tax (Appeals), Jaipur, who by an order dated March 5, 2007 confirmed the order of the assessing officer. The Company further appealed to the Income Tax Appellate Tribunal, Jaipur Bench, which by its order dated May 30, 2007, set aside the order of the assessing officer and deleted the addition to the income of the Company and further allowed deduction under Section HHC of the I. T Act. Aggrieved by the order of the Income Tax Appellate Tribunal, the income tax department has appealed to the Rajasthan High Court (D.B. Income Tax Appeal Number 579/2008). The matter is currently pending before the Rajasthan High Court and the next date of hearing is yet to be notified.

2. Pursuant to a scrutiny of the returns of our Company for the assessment year 2001-2002, the Assistant Commissioner of Income Tax (Circle-II, Jaipur), in his capacity as the assessing officer, by an order dated March 19, 2004, declared the income of the Company to be Rs. 1,22,05,010 and not Rs. 94,20,100, as declared by the Company in its returns. The Company appealed against the order of the assessing officer to the Commissioner of Income Tax (Appeals), Jaipur, and one of the grounds of appeal was against the levy of interest under Section 234B of the I. T Act, wherein the Company argued that the same has been calculated in excess, in as much as it has been charged on tax payable before allowing minimum alternate tax credit available to the Company. The Commissioner of Income Tax (Appeals), Jaipur, by its order dated September 29, 2004, directed the assessing officer to give credit of minimum alternate tax before charging of interest under Section 234B of the Act and partly allowed the Company's appeal. Aggrieved by the order, the income tax department appealed to the Income Tax Appellate Tribunal, which upheld the order of the Commissioner of Income Tax (Appeals), Jaipur. The income tax department has now appealed to the Rajasthan High Court (D.B. Income Tax Appeal Number 45/2007). The matter is currently pending before the Rajasthan High Court and the next date of hearing is yet to be notified.

For details of outstanding litigation pending against our Group Companies, please refer to the section titled "Outstanding Litigation and Material Developments" at page 146.

3. In the past, our statutory auditors, B. Khosla & Co., have qualified their reports with respect to certain accounting policies and matters.

Our statutory auditors, B. Khosla & Co, have qualified their reports for each of Fiscal 2009, 2008, 2007, 2006 and 2005, as below

Financial Year	Qualifications
Fiscal 2009	Company's management is of the view that there is an apparent drafting anomaly in section 10AA(7) of the Income Tax Act, 1961, accordingly entire profits of SEZ Surat unit has been considered exempt and provision for income tax is made accordingly.
Fiscal 2008	1. Based on the legal opinion, management is of the view that there is an apparent drafting anomaly in section 10AA(7) of the Income Tax Act, 1961, accordingly entire income of SEZ Surat unit has been considered exempt and provision for income tax is made accordingly; and 2. The Balances of sundry debtors, sundry creditors and loans and advances subject to confirmation.
Fiscal 2007	1. The balances of sundry debtors, sundry creditors and loans and advances subject to confirmation; and 2. Maintenance of heavy cash balances.
Fiscal 2006	1. The balances of sundry creditors and loans and advances subject to confirmation; 2. A sum of Rs. 2.5 lakhs has been given an advance to Kaprisa International Pvt. Ltd. for which neither terms & conditions has been explained to us nor charged any interest; and 3. Maintenance of heavy cash balances.
Fiscal 2005	1. The balances of sundry creditors and loans and advances subject to confirmation; 2. A sum of Rs. 2.5 lakhs has been given an advance to Kaprisa International Pvt. Ltd. for which neither terms & conditions has been explained to us nor charged any interest; and 3. Maintenance of heavy cash balances.

There can be no assurance that the statutory auditors, in future, will not qualify their report on our financial statements. Any such qualifications in the auditor's report could adversely affect our stock price.

4. We face significant competition in our business from Indian and international diamond and jewellery manufacturing and retailing companies

We operate in a highly competitive business environment and compete with major domestic as well as international diamond and diamond jewellery manufacturers on the basis of performance, price, reputation, warranty terms and other commercial terms and conditions.

We face stiff competition from traditional independent jewellery stores and retail stores. Some of our competitors have well established brand names under their fold. They may have competitive advantage in terms of brand recognition, existing customer relationships and marketing reach. Further, some of our competitors are companies, divisions or units that are larger than us and have greater financial and other resources than we do. They might expand their production capacity, be in a better position to foresee the course of market development, develop new products that are superior to ours or adapt more quickly than we do to newer technologies or the evolving industry or customer requirements. In such a competitive scenario, we may face pricing pressures and may have to incur substantial expenditure in the promotion of our brands and products.

There can be no assurance that we will be able to compete effectively with them and any failure to do so may decline our market share and/or have an adverse effect on our financial conditions and our results of operations.

5. There may be possible conflicts of interest between us and our Promoters or the entities forming part of our Group Companies or with entities in which our Directors are interested

Our Promoters are actively involved in the management of both our business and the business operations of two of its group companies namely, Goenka Jewellers and Goenka Diamonds Private Limited. These two entities have similar business objectives as our Company. However, Goenka Diamonds Private Limited is currently not carrying on any business activity. Goenka Jewellers is currently engaged in the business of processing diamonds and exporting processed diamonds. Though, our Promoters intend to phase out the business of Goenka Jewellers, there is no definite time frame indicated by our Promoters for phasing out the business.

Attention to the other entities within the Promoter Group, including those in related lines of our business, may distract or dilute management attention from our business, which could adversely affect our business, financial condition and results of operations.

For more details regarding Group Companies, please refer to the section entitled "Our Promoters and Group Companies" at page 100.

6. Any fluctuations in the cost of raw materials for our manufacturing processes may affect our profitability

Diamonds constituted over 98% and 99.44% of our raw material purchased in Fiscal 2009 and in the nine month period ending December 31, 2009, respectively. Further, we purchase gold for our retail business and gold prices have historically been subject to significant fluctuations, and have shown an upward trend in the past. We may be unable to pass on the additional costs of materials to our customers at all points of time in instances where the sale prices are fixed at the time of booking the order. Any adverse fluctuations in raw material prices could have a material adverse effect on our profit margins. Fluctuations in the price of all or any of the aforesaid raw materials may affect our sales and profitability of our Company.

7. We plan to use part of the Issue proceeds for expansion of our retail jewellery business. Our Company has recently started retail diamond jewellery business and has no prior experience in such business

Our Company entered the retail business of diamond jewellery by the launch of its brands *CERES*, which is being marketed as a high end exclusive diamond jewellery for high end customers and *G WILD* targeting the youth, being marketed as international styled diamond jewellery, in Fiscal 2009. In Fiscal 2009 and Fiscal 2008, the retail segment has contributed to less than 25% of our revenue. While we have established our presence as a supplier of processed diamonds, retail business of diamond jewellery is relatively a new business which we started by launch of our first *G WILD* store in July 2008. Our revenue from retail jewellery segment was Rs. 11,109.85 lakhs constituting 27.16% of total income in the nine month period ending December 31, 2009, Rs.10,090.45 lakhs constituting 22.74 % of total income in Fiscal 2009 and Rs. 3,735.96 lakhs constituting 18.63 % of total income in Fiscal 2008. We set up the first *CERES* store in April 2009. We do not have any measurable track record in this business and there can be no assurance that our Company will be successful in this business. This in turn may affect our business, results of operations and financial conditions.

8. Our proposed expansion plans for our retail operations of diamond jewellery may not be successful

The growth of our retail operations of diamond jewellery will be dependent principally upon the opening of new stores and capitalizing on our existing marketing and distribution network, increased sales volume and profitability from our existing and new stores. The ability to operate our existing and new stores successfully is subject to various contingencies, many of which are beyond our control. These contingencies include our ability to secure suitable locations for our outlets on a timely basis and on satisfactory terms, our ability to hire, train and retain qualified personnel and the successful integration of our new outlets with our existing marketing and distribution network. There can be no assurance that suitable locations will be available for our proposed outlets as per our Company's requirement or that our proposed expansion in retail operations will be successfully implemented or integrated with our existing operations. The costs associated with acquiring, assimilating and opening new stores may adversely affect our profitability. Furthermore, we have entered into and propose to enter into lease arrangements for our stores which are typically medium term leases and there can be no assurance that such leases will continue to be renewed, or, if renewed, will be on existing or comparable terms.

9. Our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been independently appraised.

Part of our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been appraised by any bank, financial institution or professional adviser. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our expansion plans and an increase or decrease in our proposed expenditure for our retail stores.

We plan to open 17 *G WILD* and 2 *CERES* stores by Fiscal 2012. We will need additional working capital in line with our expanding operations. Our working capital consists primarily of raw materials, work in progress inventory, finished goods inventory and sundry debtors. With the launch of our retail stores, we will have to maintain high inventory of jewellery pieces of various types at our stores. Our working capital requirement would increase substantially as we open new stores. Based on our growth plans as mentioned above, we have assessed our additional working capital requirement for Fiscal 2011 and Fiscal 2012 to be Rs. 8,459.96 lakhs. Accordingly, over 50% of our deployment of the net proceeds of the Issue is towards working capital requirements for our retail jewellery business. For further details relating to deployment of the net proceeds of the Issue towards working capital requirements, refer to "Objects of the Issue" at page 38.

10. Approximately 20 % of the net proceeds of the Issue, excluding general corporate purposes and Issue expenses, will be used for investment in our Subsidiary. M.B. Diamonds LLC, which is a loss making company.

We plan to use approximately 20 % of the net proceeds of the Issue, excluding general corporate purposes and Issue expenses, for further investment in our Subsidiary M.B. Diamonds LLC, which is a loss making company. M.B. Diamonds LLC, is in the business of procuring rough diamonds from domestic auctions in Russia, polishing the rough diamonds, and then exporting them to our Company. Due to favourable government policies, it is able to procure the rough at competitive rates. However, there can be no assurance that M.B. Diamonds LLC will be able to continue to procure rough diamonds at such competitive rates. This may have an adverse affect on our business. Given our inexperience in Russia, we may not be successful in the new business and our Company may not receive any returns from our investments in M.B. Diamonds LLC, and is not assured of any dividends from the investment.

11. We have not entered into any definitive agreements to use a substantial portion of the net proceeds of the Issue and deployment of funds is at the discretion of our board of directors.

The deployment of funds as described in the section titled "Objects of the Issue" on page 36, is at the discretion of our board of directors and we have not appointed any monitoring agency. We have not entered into any definitive agreements to utilize a substantial portion of the net proceeds of the Issue, including for purchase of plant and machinery. Further we have not entered into any definitive leave and license agreement for setting up of retail stores as proposed in section titled "Objects of the Issue" at page 36. There can be no assurance that we will be able to conclude definitive agreements for such investment on terms anticipated by us or at all.

12. Our Group Companies are making losses

Some of the Group Companies have made losses in one or more of the preceding three Fiscals. The following table sets forth the profit/ (losses) of these companies for the last three Fiscals:

(Rs. in lakhs)

S. No.	Group Company	Fiscal 2007	Fiscal 2008	Fiscal 2009
1.	Geet Holdings Private Limited	(0.25)	(0.24)	(0.25)
2.	Goenka Diamonds Private Limited	(0.09)	2.27	(1.15)

3.	Goenka Infra Builders Private Limited *	-	-	(0.10)
4.	Goenka Properties Private Limited *	-	-	(0.12)
5.	Sonam Complex Private Limited	(0.41)	(0.39)	(0.43)
6.	Yash Complex Private Limited	(0.25)	(0.254)	(0.26)

** As the companies were incorporated in Fiscal 2009, the financial results for Fiscal 2007 and 2008 were not available.*

For further details, please refer to the section titled "Our Promoters and Group Companies" at page 100.

13. We have certain contingent liabilities which may adversely affect our financial condition

As on December 31, 2009, contingent liabilities not provided for aggregated to Rs. 726.86 lakhs. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. The contingent liabilities are as follows:

(Rs. in Lakhs)

	Nine Months Period Ending December 31, 2009	Fiscal 09	Fiscal 08	Fiscal 07	Fiscal 06	Fiscal 05
Corporate Guarantee: Guarantees given to banks in respect of credit facilities sanctioned to a group concern in which directors are interested.	692.97	692.97	692.97	1,300.00	700.00	700.00
Income Tax Matters	33.89	33.89	35.30	33.75	22.25	20.75
Total	**726.86**	**726.86**	**728.27**	**1,333.75**	**722.25**	**720.75**

14. We have shown significant non- operating income in the past which may not be sustainable

Our Company has shown significant non-operating income of Rs 751.49 lakhs in Fiscal 2009 due to foreign exchange differences arising on the settlement of forward contracts or on restatement/settlement of monetary items and other income. This income accounted for 30.64% of our adjusted profit in Fiscal 2009. The non-operating income is non-recurring and hence may not be sustainable in the future.

15. Our Subsidiary in Russia is a loss making company, does not own any fixed assets and its accounts have not been not audited for all the relevant periods

As part of our strategy to source raw materials from low cost locations, our Company acquired 95% stake in M. B Diamonds LLC in March 2008, registered under the civil code of Russian Federation. Our Subsidiary participates in state auctions for purchasing rough diamonds and process majority of the procured diamonds as required under the Russian policies. Our Subsidiary sells the entire processed diamond lot and rough diamonds to our Company.

Further, M.B. Diamonds LLC, has been incurring losses and maintaining negative net worth for the past few years, as follows:

(Rs. in Lakhs)

	Period ending December 31				
	2009	**2008**	**2007**	**, 2006**	**2005**
(Loss) after Tax	4.75	(33.25)	(8.35)	(6.57)	(0.94)
Book value per equity share (Rs.)	(330.56)	(414.80)	(158.67)	(87.50)	(7.81)

16. We derive a significant portion of our current Diamond Business revenues from few customers and our business is dependent on a continuing relationship with our customers. We are primarily dependant on Hong Kong, South East Asia and US for our revenues. An economic slowdown, recession or other downturns in these markets may significantly affect our business

Our Diamond Business is dependent on certain market segments, including wholesalers, distributors and retail jewellers. The contribution of our top ten customers towards the revenue of the Diamond Processing segment in the previous three years financial years and the nine months period ending December 31, 2009, based on the restated unconsolidated financial statements, is as follows:

Financial Year	Revenue from Top Ten Customers (Rs. Lakhs)	% of Revenue of the Diamond Processing Segment
Fiscal 2007	7,337.66	99.70
Fiscal 2008	15,902.28	97.44
Fiscal 2009	31,576.34	92.09
Nine Months Period ending December 31, 2009	25,939.15	87.06

In Fiscal 2007, Fiscal 2008, Fiscal 2009 and the nine month period ending December 31, 2009, our top customer accounted for 47.71%, 30.27%, 16.24% and 15.33% of revenues of our Diamond Processing segment, respectively, based on restated unconsolidated financial statements. Furthermore, our customers purchase our diamonds under specific purchase orders raised from time to time and we do not have any long-term contracts with our customers, nor are our customers subject to any contractual provisions or other restrictions that preclude them from purchasing products from our competitors.

Our business and results of operations will be adversely affected if we are unable to maintain and/or further develop a continuing relationship with our customers. The loss of a significant customer or a number of significant customers may have a material adverse effect on our results of operations. The extent of this material adverse effect on our results of operation is not disclosed as it cannot be quantified. Further the loss or financial difficulties of these customers could also have a material adverse effect on our operations and profitability.

Some of our large clients for cut and polished diamonds are based out of Hong Kong, South East Asia and US, from where we derived 25.79%, 46.38% and 15.50% of our Diamond Processing segment revenues in Fiscal 2009, and 27.32%, 53.51% and 12.66% of our Diamond Processing segment revenues in the nine month period ending December 31, 2009, respectively. Although we have expanded into newer markets such as India and South East Asian Countries, US and Hong Kong continues to contribute significantly to our revenues and results from operations. Any economic slowdown or recession in these markets could curtail the spending power of our customers and reduce demand for our products. This may have an adverse impact on our business, financial conditions and results of operations.

17. We face risk on account of exchange rate fluctuations

A substantial portion of our Company's expenditure was incurred and earnings were received in foreign currency. In Fiscal 2009, 67.45% of our revenues and 63.18% of our total purchases, and in the nine month period ending December 31, 2009, 68.36% of our revenues and 68.86% of our total purchases, respectively, were in foreign currencies. The exchange rate between Rupee and US Dollar has been volatile substantially in recent times. During Fiscal 2008, the value of Rupee against US Dollar rose by approximately 8.15% while it fell by 30.76% in Fiscal 2009. (Source: *www.oanda.com*)

We may incur loss due to foreign exchange differences arising on the settlement of forward contracts or on restatement/settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements. For the nine months period ending December 31, 2009, Fiscal 2009, Fiscal 2008 and Fiscal 2007, our income/(loss) arising out of exchange difference was

Rs. (97.78) lakhs, Rs. 714.48 lakhs, Rs. (205.73) lakhs and Rs. (116.07) lakhs respectively. Going forward, we expect that a substantial portion of our revenue and expenditure will continue to be denominated in US Dollar. Hence, any fluctuation in the exchange rate would have a material impact on our Company's profitability.

We enter into forward contracts to cover our foreign currency risk but these hedging strategies may not completely eliminate our exposure to foreign exchange rate fluctuation and may involve various costs and risks. As on December 31, 2009, there were no outstanding forward contracts entered into by our Company .

18. Our lenders have imposed certain restrictive conditions on us under our financing arrangements

Under certain of our existing financing arrangements, the lenders have the right to withdraw the facilities in the event of any change in circumstances, including but not limited to, any material change in the ownership or shareholding pattern or management of the Company. Further, we are also required to obtain the prior consent from our lenders for, among other matters, any prepayment of certain loan facilities, effecting any merger, amalgamation, reconstruction or consolidation, encumbering or seeking to encumber the mortgaged property under the loan agreement, or declaring or paying any dividend after the occurrence of an event of default. Further as per terms and conditions of the loan provided by State Bank of India, the bank shall have the right to convert the debt of Rs. 1,560.00 lakhs into equity, at a time felt appropriate by the bank at a mutually acceptable formula.

There can be no assurance that we will be able to obtain lender consents on time or at all. This may limit our ability to pursue our growth plans and limit our flexibility in planning for, or reacting to, changes in our business or industry, for further information, see the section entitled "Financial Indebtedness" at page 140.

19. Some of our assets have been given as collateral security against borrowings by M/s Goenka Diamonds, a Group Company.

Our Company has given corporate guarantees to UCO Bank and Punjab and Sind Bank for loans availed by M/s Goenka Diamonds, a Group Company, pursuant to which some of our assets have been given as collateral security and are charged with these banks. The total corporate guarantee given by us is to the extent of Rs. 692.97 lakhs, which is the total value of the property given as collateral security. Any failure by M/s Goenka Jewellers to service the loans or otherwise perform its obligations under the financial agreements, might lead to the banks enforcing the charge, resulting in loss of the assets.

For further details of the charge on the assets of our Company against borrowings by M/s Goenka Jewellers, see the section titled "Financial Indebtedness" on Page 141 of this Red Herring Prospectus.

20. Change in SEZ regulations may adversely affect our diamond polishing unit and withdrawal of sops by the Government may affect our business

Our primary diamond processing facility is located in a SEZ in Surat, Gujarat. The facilities in Surat are subject to tax exemption under section 10AA of the I. T Act. The tax benefits on this facility may expire or may be terminated due to which our tax expense could materially increase, reducing our profitability. Also, the possibility of withdrawal of the applicable benefits and concessions to a SEZ in the future may adversely affect the attractiveness of a SEZ.

The SEZ Act has been recently enacted and the central government and several state governments have extended fiscal and other incentives to SEZ customers located within SEZs. The SEZ policy framework is evolving and there could be changes in the SEZ regulations which might affect our facilities located in the SEZ.

We benefit from some of the sops introduced by the Government of India for diamond traders and jewellery manufacturers, like availing loans at lower interest rates. However these benefits may expire or may be withdrawn and this could materially affect our business.

21. We have to renew, maintain and obtain statutory and regulatory permits and licenses as required to operate our business and any delay or inability to obtain the same may have an adverse impact on our business

Being in the manufacturing business, we require several statutory and regulatory permits, licenses and approvals to operate our business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue such permits, licenses or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and we cannot assure you that we shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Failure by us to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of our permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on our business.

Our Company has made the following application before the Maharashtra Pollution Control Board, Mumbai Regional Office, which is pending registration:

S. No.	Application	Authority	Date of Application
	Common application for consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Authorisation under Hazardous Wastes (Management and Handling) Rules, 1989	Maharashtra Pollution Control Board, Mumbai Regional Office	September 8, 2009

For details with respect to approvals obtained by our Company, refer to section titled "Government and Other Approvals" at page 149.

22. Any shutdown or labour disruption in our manufacturing facilities could adversely impact our business

We operate in a labour intensive industry. As of February 28, 2010, there were 172 full time employees in our Company. Any labour disruptions may have an adverse impact on our business. While we consider our current labour relations to be satisfactory, there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages or increased wage demands by our employees or other problems with our work force, which may adversely affect our business and results of operations.

Further, any interruptions in our manufacturing facilities for any significant period of time and particularly for meeting the sales demand during peak seasons could damage our reputation, thereby adversely affecting our business and results of operations. We are subject to operational risks including machinery breakdown, failure of power supply, industrial accidents, thefts, disruption in supply of rough diamonds, natural disasters etc. The occurrence of these events could significantly affect our productivity, result in high operational costs and have an adverse effect on our results of operations.

23. Our diamond processing facility is geographically located in one area. Any localised unrest, political disturbances or natural calamities in this area could disrupt our operations and adversely affect our results of operations. Any prolonged business interruption at our manufacturing facilities could have a material adverse effect on our business

Major portion of our Diamond Processing business segment related operations are carried out at our diamond processing facility located in Surat, Gujarat. 77.26% and 72.84% of our revenues in Fiscal 2009 and the nine months period ending December 31, 2009, respectively, were derived from our Diamond Processing business, of which the Surat facility accounted for 86.30% and 93.85%, in the nine month periods respectively, of the segment revenues. Any localized labour disruption, natural disaster or political disturbance in and around Surat could disrupt our operations. We may or may not be able to adequate control these factors or take adequate insurance against these factors. Any disruption or damage to our facilities could have material adverse effect on our business, financial conditions and results of operations. Similarly, there is no assurance that those of our processing facilities unaffected by an interruption will have the capacity to increase their output to process for the affected manufacturing facilities, to the extent that all outstanding orders to be filled in a timely manner. In the event of prolonged interruptions in the operations of our processing facilities, we may have to outsource various activities in order to meet our processing requirements, which could affect our profitability.

24. Failure to adequately protect our intellectual property could substantially harm our business and results of operations

Our in-house product development and design team develops our jewellery designs along with freelance designers. The copyrights on our designs are not registered. The laws of India may not allow for the effective protection of intellectual property rights to the same extent as laws in other jurisdictions such as the United States, the United Kingdom or the European Union. Therefore, efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorised use or take appropriate and timely steps to enforce intellectual property rights either owned by us or those that we have the right to use. Further, designs as developed by us may infringe on the intellectual property rights of third parties, which may expose us to legal proceedings. Thus we are susceptible to face litigation for infringement of copyright in relation to designs.

We have registered or have applied for registration of trademarks in India in connection with our branded jewellery lines. Several of our trademarks are in the application stage and have not been formally approved by the appropriate authorities. Currently we have six trademark applications, which are pending registration before the trademarks registry. Certain of these trademarks and brand names are currently used by us in connection with our jewellery business. For further information, see "Government and Other Approvals" at page 153. If the application for registration of trademarks is not accepted or if any opposition is filed against our trademark applications we may lose the statutory protection available to us under the Trade Marks Act, 1999 for use of the trademark.

25. Our insurance may not be adequate to protect us against all potential losses to which we may be subject to

We have jewellers' block insurance policy, which provides insurance cover against loss or damage suffered during the transit of our stock and stock in trade, stock and cash on premises, fraudulent or dishonest acts committed by the employees. We have also taken a terrorism damage cover endorsement. However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. Further, there are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position. The extent of this material adverse effect on our business, financial condition and results of operation is not disclosed as it cannot be quantified. For further details, please refer to section titled "Insurance" under "Our Business" at page 77.

26. Our inability to keep pace with technology, process and designs can adversely affect our sales and the demand for our products

The gems and jewellery industry is characterized by continuous up-gradation in terms of technology, manufacturing process and design capability. We have to on a regular basis invest to upgrade our technology and process and keep abreast with the latest innovations in the gems and jewellery industry. Our jewellery designing capabilities are significantly dependent on the skills of our in-house team of designers and their capability to keep in line with current trends. There can be no assurance that we will be successful in developing designs that meet customer expectations. If we are unable to keep ourselves updated with technology improvement or process change, we may be unable to service our customers, which would adversely affect our revenue and profitability.

27. Our operations are subject to high working capital requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations

Our business requires high working capital. In many cases, significant amounts of our working capital are required to finance the purchase of rough diamonds and other raw materials and for maintaining jewellery stock at our retail outlets. We may need to incur additional indebtedness in the future to satisfy our working capital needs. Our working capital requirements are also affected by the significant credit lines that we typically extend to our customers in line with industry practice. All of these factors may result in increase in the amount of our receivables and short-term borrowings. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our financial condition and results of operations.

28. We operate our manufacturing facilities and our retail outlets from leased premises

Our manufacturing facilities in Mumbai are not owned by our Company; we have entered into leave and license agreement for such facilities. Further the manufacturing facility in Surat is set up on lease hold land. Our retail outlets are also on leased premises and we plan to take further properties on lease for the expansion of our retail operations. We typically enter into leave and license agreements for 36 months period. We cannot assure you that we will be able to renew these agreements at similar terms or at all. Non-renewal of these agreements or renewal of these agreements on conditions unfavourable to us may affect our business and operations. For details with respect to property owned and leased by our Company, refer to section titled "Our Business" at page 76.

29. Our Registered Office is not owned by us

Our Registered Office is situated at Jaipur, Rajasthan and is owned by Goenka Jewellers, one of our Group Companies. We have obtained a consent letter from Goenka Jewellers dated July 10, 2009 to use the premises. If the owner of the premises does not renew the consent letter or terminates the consent letter, we may suffer disruption in our operations which could have a material adverse affect on our business and results of operations.

30. ***The loss of the services of our Directors who are our Promoters and our skilled personnel could adversely affect our business***

We are dependent on our Promoters who are also our Directors and our key managerial personnel for setting our strategic direction and managing our business, which are crucial to our success. Our continued success also depends upon our ability to attract and retain a large group of experienced professionals and staff. We believe that our success in the future is substantially dependent on the expertise of our Directors, the loss of any of whom could have a material adverse effect on our business, results of operations, financial condition and prospects. Our continued success also depends upon our ability to attract and retain a large group of experienced professionals and staff. Although we provide constant development opportunities to meet the challenge of employee attrition among our professionals, we may not be able to hire and retain enough skilled and experienced employees to replace those who leave. For further details, please refer to the section titled "Our Management" on page 95.

31. Members of our Promoters and Promoter Group will continue to retain majority control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval

Upon completion of the Issue, members of the Promoter and Promoter Group will beneficially own 69. 07% of the Company's post-Issue equity share capital. As a result, the Promoters and Promoter Group will have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for so long as the Promoters and the Promoter Group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. The Promoters and Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

32. We enter into related party transactions and in Fiscal 2009 and for the nine month period ending December 31, 2009, we have entered into related party transactions aggregating to Rs. 1,146.13 lakhs and Rs. 1,888.53 lakhs, respectively.

During the course of our business we enter into certain transactions with related parties, on an arm's length basis, during the ordinary course of our business activities. We may enter into additional transactions with its affiliates in the future. There can be no assurance that the terms of such transactions with its affiliates will benefit the Company. The brief details of our related party transactions during Fiscal 2009 and the nine month period ending December 31, 2009, are as follows:

(Rs. In Lakhs)

Nature of Transactions	**Subsidiary**		**Key Managerial Personnel**		**Relative of Key Managerial Personnel**		**Associates**	
	Apr-Dec 2009	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**
Transactions during the year								
Purchase of Goods	59.07	271.65	-	-	-	-	-	52.30
Rent Paid	-	-	6.98	-	-	-	-	-
Remuneration	-	-	29.25	21	-	-	-	-
Issue of Bonus Shares	-	-	833.84	-	48.48	-	159.60	-
Dividend Paid	-	-	9.17	9.17	92	0.92	1.82	1.82
Balances as at end of year								
Receivable	-	-	-	-	-	-	-	2.60
Payable	-	-	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	1.14	-	-
Advances	30.59	61.55	-	-	-	-	-	22.32
Due in Current Account	-	-	13.72	6.65	-	-	-	-
Investment	2.03	2.03	-	-	-	-	-	-
Guarantee			-	-	-	-	692.97	692.97

The related party transactions as percentage of total such transactions undertaken by the Company are as follows:

Nature of Transactions	Related Parties		Total	
	Apr-Dec 2009	Fiscal 2009	Apr-Dec.09	Fiscal 2009
Transactions during the year				
Purchase of Goods	59.07	323.95	40,121.33	45,656.32
% of Total	*0.15%*	*0.71%*	*100.00%*	*100.00%*
Rent Paid	6.98	-	60.07	45.63
% of Total	*11.61%*	*0.00%*	*100.00%*	*100.00%*
Remuneration	29.25	21.00	169.90	182.17
% of Total	*17.22%*	*11.53%*	*100.00%*	*100.00%*
Issue of Bonus Shares	1,042.02	-	1,042.02	-
% of Total	*100.00%*	*0.00%*	*100.00%*	*100.00%*
Dividend Paid	11.91	11.91	11.91	11.91
% of Total	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Balances as at end of year				
Receivable	-	2.60	37,482.30	24,649.49
% of Total	*0.00%*	*0.01%*	*100.00%*	*100.00%*
Unsecured Loans	-	1.15	-	1.15
% of Total	*0.00%*	*100.00%*	*100.00%*	*100.00%*
Advances	30.59	83.87	234.71	263.44
% of Total	*13.03%*	*31.84%*	*100.00%*	*100.00%*
Due in Current Account	13.72	6.65	13.72	6.65
% of Total	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Investment	2.03	2.03	2.03	2.03
% of Total	*100.00%*	*100.00%*	*100.00%*	*100.00%*
Guarantee	692.97	692.97	692.97	692.97
% of Total	*100.00%*	*100.00%*	*100.00%*	*100.00%*

For further details related to such transactions refer to section titled "Related Party Transactions" at page 113.

33. *There can be no assurance that we will pay dividends to our shareholders in the near future*

We have paid dividends in Fiscal 2008 and 2009 and there can be no assurance that dividends will be paid in the near future. The declaration and payment of any dividends in the future will be recommended by our Board of Directors, in its discretion, and will depend on a number of factors, including Indian legal requirements, its earnings, cash generated from operations, capital requirements and overall financial condition.

34. We have engaged the services of certain people on contract basis which are integral to our business

We have engaged the services of certain persons, to provide jewellery designs to the Company and, to provide financial advisory services to the Company. Our Company has hired them on a contract basis for providing services to our Company. We do not have any arrangement with these persons on an exclusive basis. We cannot assure you that we will be able to retain them. If we are unable to retain them it might have an adverse affect on our business.

35. We may not be able to maintain the pace of growth as exhibited in the last two years

Our sales grew at the rate of 121.27% and 172.52% respectively while our adjusted net profits grew by 120.94% and 360.51% respectively in Fiscal 2008 and Fiscal 2009. We have experienced significant growth in recent years and expect our business to grow further. To effectively manage our future expansion plans, we will need to further augment, strengthen and integrate our existing operational and financial systems and managerial controls and procedures, which include inventory management, customer support, operational, financial and managerial controls, reporting procedures and training, supervision, retention and management of our employees. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management and marketing personnel;
- adhering to quality and process execution standards that meet customer expectations; and
- developing and improving our internal administrative infrastructure and other internal systems.

An inability to manage our expanded operations could adversely affect our business, financial condition and results of operations.

36. We do not have any long term contracts with our suppliers which assure us of stable supply at competitive rates

We do not have long term arrangements or binding contracts with any of our suppliers. We cannot assure you that we would be able to procure rough diamonds at competitive rates as we do not have binding contracts with any of our suppliers. This could have a material adverse effect on our business, revenues and profitability.

37. Our sales are seasonal in nature

We have experienced seasonal fluctuation in our sales and may continue to do the same in future. We have historically experienced higher sales during the third and fourth quarter of our Fiscal. On an average, in the Fiscals 2007, 2008 and 2009, the 3rd and 4th quarter sales accounted for over 64% of our annual sales. The demand for our products from our customers is higher in these periods on account of festive and wedding seasons. Thus there is variation in revenues and hence profitability in each quarter. Our business may be adversely affected by slowdown in demand during our peak season.

External Risk Factors

38. Political instability or changes in the GoI could delay the liberalization of the Indian economy and adversely affect global conditions in India generally

Our assets are predominantly located in India. The GoI has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Our business, and the market price and liquidity of the Equity Shares, are therefore directly affected by the Indian market, which in turn may be affected by foreign exchange rates and controls, interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalization. Nevertheless, the role of the Indian central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. Since 1996, the Government has changed seven times. We cannot assure you that the liberalization policies announced by the Government in the past will continue in the future. The current Government is a coalition of several parties, and the withdrawal of one or more parties could cause instability. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Parliamentary elections have recently concluded in India, there can be no assurance that the next government will follow the same economic liberalization principles. Any change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally.

39. Any downgrading of India's debt rating by an international rating agency could negatively impact our business

Any downward revisions to India's credit ratings for domestic and international debt by international credit rating agencies may adversely impact our ability to raise additional financing. Such revisions could also affect the interest rates and other commercial terms on which such additional financing is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

40. Economic developments and volatility in securities markets in other countries may cause the price of our Equity Shares to decline

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn globally has adversely affected market prices in the world's securities markets, including the Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

41. Our ability to raise foreign capital may be constrained by Indian law

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or will be granted at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

42. If more stringent labour laws or other industry standards in the jurisdictions in which we operate become applicable to us, our profitability may be adversely affected

We are subject to a number of stringent labour laws and restrictive contractual covenants related to levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. In addition, the Government of India is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these employees. Our employees may also in the future form unions. If labour laws become more stringent or are more strictly enforced or if our employees unionize, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

43. Force majeure events such as terrorist attacks or war or conflicts involving India, the United States or other countries could adversely, affect the financial markets and adversely affect our business

Any major hostilities involving India, or other acts of violence including civil unrest or terrorist attacks, or events that are beyond our control, could have an adverse effect on the operations of services provided in India. The terrorist attacks on New York and Washington, D.C. on September 11, 2001, and their aftermath had an adverse effect on worldwide financial markets. Incidents such as the Mumbai terrorist attacks on November 26, 2008, the September 11, 2001 terrorist attacks, other recent incidents such terrorist attacks in various parts of India, Bali, Indonesia, Madrid, Spain and London, U.K., and any other acts of violence may adversely affect global equity markets as well as the Indian economy and stock markets where our Equity Shares will trade. Such acts will negatively affect business sentiment as well as trade between countries, which could adversely affect our business and profitability.

44. Natural calamities could have a negative effect on the Indian economy and cause our business to suffer

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during Fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

45. The Indian economy has had sustained periods of high inflation

The majority of our direct costs are incurred in India. India has experienced high levels of inflation since 1980, with inflation peaking at 12.44% in 2008. In the event of a high rate of inflation, our costs, such as salaries, travel costs and related allowances, which are typically linked to general price level, may increase. However, we may not be able to increase the price that we charge for our products and our services sufficiently to preserve operating margins. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations.

46. Social instability in Russia

In March 2008, we acquired M.B Diamonds LLC, a company incorporated in Russia. For the last few years the social conditions in the Russian Federation have been unstable. The failure of some Russian companies to pay full salaries on a regular and timely basis, the failure of salaries and benefits to keep pace with the increasing cost of living and the discrepancy between levels of income and social stratification may lead to future social unrest. This may have political, social and economic consequences, such as increase in support for a return to a more authoritarian form of government, increased nationalism and increased violence, any of which could have a material adverse effect on our Subsidiary which could disrupt our supply of rough diamonds.

47. Economic instability in Russia

Since the dissolution of the former Soviet Union in the early 1990’s, Russia has been undergoing a rapid transformation from a one party state with a centrally planned economy to a pluralist democracy with a market based economy. This transformation has been marked by periods of significant instability and the Russian economy has at various times experienced:

- Significant declines in gross domestic product;
- Hyperinflation;
- Currency instability;
- High levels of state debt relative to gross domestic product;
- A weak banking system providing limited liability to Russian enterprises;
- High levels of loss-making enterprises that continued to operate due to the lack of effective bankruptcy proceedings;
- Widespread tax evasion;
- Growth of “black” and “grey” market economies;
- Corruption and extensive penetration of organised crime into the economy;
- Significant increases in unemployment and underemployment; and
- Impoverishment of a large proportion of the Russian population.

Although economic conditions in the Russian Federation has been improving, there can be no assurance that recent positive trends in the Russian economy, such as an increase in the gross domestic product, a relatively stable Rouble and a reduced rate of inflation, will continue. If the economic condition does not improve in the Russian Federation, it may have an adverse effect on our Russian Subsidiary which could disrupt our supply of rough diamonds.

48. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares

You may be unable to resell your Equity Shares at or above the offer price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this listing of the Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors and industries in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

49. The market price of our Equity Shares may fluctuate due to the volatility of the Indian securities market

The Indian securities markets may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. Stock exchanges in India have experienced problems, including broker defaults and settlement delays, which, if they were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

50. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time

We are subject to a daily "circuit breaker" imposed by stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The maximum movement allowed in the price of our shares before the circuit breaker is triggered is determined by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The stock exchanges may change the circuit breaker in effect from time to time. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

51. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in this Issue

Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or 'demat', accounts with depository participants in India are expected to be credited within two working days of the date on which the allotment is made. Thereafter, upon receipt of final approval of the Stock Exchanges (if granted), trading in the Equity Shares is expected to commence within seven working days. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to such investor's demat account, or that trading will commence, within the time periods specified above.

52. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Listing approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults and settlements delays, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

53. Significant differences exist between Indian GAAP and other accounting principles with which investors may be more familiar

Financial statements included in this Red Herring Prospectus are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of these financial statements to IFRS or U.S. GAAP or a summary of principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business. Furthermore, we have not quantified or identified the impact of the differences between Indian GAAP and IFRS or between Indian GAAP and U.S. GAAP as applied to these financial statements. As there are significant differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP, there may be substantial differences in the results of operations, cash flows and financial positions discussed in this Red Herring Prospectus, if the relevant financial statements were prepared in accordance with IFRS or U.S. GAAP instead of Indian GAAP. The significant accounting policies applied in the preparation of these financial statements are as set forth in notes to the audited financial statements included in this Red Herring Prospectus. Prospective investors should review the accounting policies applied in the preparation of these financial statements, and consult their own professional advisors for an understanding of the differences between Indian GAAP and IFRS and between Indian GAAP and U.S. GAAP and how they might affect the financial information contained in this Red Herring Prospectus.

Prominent Notes

- This is a public Issue of 1,00,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share, including a premium of Rs. [●] per Equity Share, aggregating to Rs. [●]. The Issue will constitute 30.93 % of the fully diluted post-Issue equity share capital of our Company.

- The Issue is being made through the 100% Book Building Process, wherein up to 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received from them, at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Under-subscription, if any, in any category of investors would be met with spill over from other categories at the sole discretion of our Company in consultation with the Book Running Lead Manager.

- In the event of an oversubscription in the QIB Portion, Non-Institutional Portion or Retail Portion, all Bidders who have submitted Bids at or above the Issue Price shall be allocated Equity Shares on a proportionate basis. For more information, see section titled "Issue Procedure – Basis of Allocation" on page 217.

- The average cost of acquisition per Equity Share by Mr. Nand Lal Goenka, Mr. Navneet Goenka and Mr. Nitin Goenka are Rs. 0.03, Rs. 0.02 and Rs. 0.04 respectively. The average cost of acquisition of Equity Shares by our Promoters has been calculated on the basis of the average of amounts paid by it to acquire the Equity Shares currently held by it. For details, see the section titled "Capital Structure at page 216.

- The net worth of our Company was Rs 10,240.89 lakhs, Rs. 7,033.22 lakhs and Rs. 4,307.03 lakhs as per the restated unconsolidated financial statements of our Company as at December 31, 2009, March 31, 2009 and March 31, 2008, respectively. The networth as per the restated consolidated financials stood at Rs. 10,214.14 lakhs, Rs. 6,977.93 lakhs and Rs. 4,308.86 lakhs as atDecember 31, 2009, March 31, 2009 and March 31, 2008, respectively. For further details, see the section titled "Financial Statements" at page 119.

- The NAV/book value per Equity Share, on a standalone basis, was Rs. 45.86 and Rs. 31.50 as at December 31, 2009 and March 31, 2009, respectively, as per the restated unconsolidated financial statements of our Company, included in this Red Herring Prospectus. For further information, see the sections titled "Capital Structure" and "Financial Statements" at pages 26 and 119, respectively.

- Our Directors and key managerial personnel are interested in our Company to the extent of the remuneration and other benefits paid to them by our Company. For further details, see the section titled "Our Management" at pages 91 and 97.

- For details of transactions in the securities of our Company by our Promoter, our Promoter Group and Directors in the last six months, see the section titled "Capital Structure – Notes to Capital Structure" at page 34.

- Except as stated in section titled "Capital structure" at page 26, our Company has not issued any Equity Shares for consideration other than cash.

- Our Company was incorporated on November 5, 1990 as "Goenka Exports Private Limited", a private limited company under the Companies Act. With effect from July 1, 1997, our Company became a "deemed public company" by virtue of section 43(A) of the Companies Act and ceased to be a private company. Subsequently by a shareholders resolution dated January 29, 2002, our Company was converted into a public company and a fresh certificate of incorporation, in the name of "Goenka Exports Limited" was issued by the RoC on January 30, 2002. The name of our Company was changed to "Goenka Exports Private Limited" following a special resolution in the extraordinary general meeting held on November 29, 2004 and a fresh certificate of incorporation was issued by the RoC on December 10, 2004. Our Company changed its name to "Goenka Diamond and Jewels Private Limited" pursuant to a special resolution at the extraordinary general meeting held on March 21, 2008. A fresh certificate of incorporation was issued by the RoC on

March 27, 2008. By a resolution dated April 15, 2008, our Company was converted into a public limited company and its name was changed to its present name "Goenka Diamond and Jewels Limited". A fresh certificate of incorporation was issued by RoC on May 15, 2008, consequent to change of name on conversion to public limited company. For further details with respect to amendments to MoA in this regard, see the section titled "History and Certain Corporate Matters" at page 83.

- Except as disclosed in the sections titled "Our Promoter and Group Companies" and "Our Management" at pages 99, 91 and 97, respectively, none of our Promoter, Directors or key managerial personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding, if any, in our Company.

- As on December 31, 2009, other than an advance of Rs. 30.59 lakhs to our Subsidiary M.B. Diamonds LLC, our Company has not made any loans and advances to any person(s)/ company in which the Directors are interested. For further details, refer to the section "Related Party Transactions" at page 113.

- There are no financing arrangements whereby the Promoter Group, the Directors of our Company who are the Promoters of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing the Red Herring Prospectus with the Board.

- Trading in Equity Shares for all investors shall be in dematerialised form only. For further details, see the section titled "Issue Procedure" at page 204.

- Investors are advised to also refer to the section titled "Basis for Issue Price" on page 43.

- Any clarification or information relating to this Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. The investors may contact the BRLM/ Compliance Officer/ Registrar to the Issue for any complaints pertaining to the Issue.

- All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders

- We have entered into related party transactions with our Subsidiary, key managerial personnel, relatives of key managerial personnel and associates as below:

(Rs. In Lakhs)

Nature of Transactions	**Subsidiary**		**Key Managerial Personnel**		**Relative of Key Managerial Personnel**		**Associates**	
	Apr-Dec 2009	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**	**Apr-Dec 2009**	**Fiscal 2009**
Transactions during the year								
Purchase of Goods	59.07	271.65	-	-	-	-	-	52.30

Rent Paid	-	-	6.98	-	-	-	-	-
Remuneration	-	-	29.25	21	-	-	-	-
Issue of Bonus Shares	-	-	833.84	-	48.48	-	159.60	-
Dividend Paid	-	-	9.17	9.17	92	0.92	1.82	1.82
Balances as at end of year								
Receivable	-	-	-	-	-	-	-	2.60
Payable	-	-	-	-	-	-	-	-
Unsecured Loans	-	-	-	-	-	1.14	-	-
Advances	30.59	61.55	-	-	-	-	-	22.32
Due in Current Account	-	-	13.72	6.65	-	-	-	-
Investment	2.03	2.03	-	-	-	-	-	-
Guarantee			-	-	-	-	692.97	692.97

For further details of our related party transactions actions, please see the sections “Related Party Transactions” and “Financial Statements- Related Party Transactions” at pages 113 and F-14, respectively.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The size of the global gems and jewellery industry is estimated at 146 billion U.S. dollars (USD) (Rs. 7.14 lakh crores) at retail prices in 2005. The industry has grown at an average Compounded Annual Growth Rate (CAGR) of 5.2 per cent since 2000. The Global jewellery sales are expected to grow at 4.6 per cent year-on-year to touch USD 185 billion (Rs. 9.04 lakh crores) in 2010 and USD 230 billion (Rs. 11.24 lakh crores) in 2015. India and China together are expected to emerge as a market equivalent to U.S. market by 2015.
Source: GJEPC; text available at - http://www.gjepc.org/media/pressrelease/kpmg.aspx

The two major segments of the Gems and Jewellery (G&J) business in India are gold jewellery and diamond jewellery. While a predominant portion of gold jewellery manufactured in India is for domestic consumption, a predominant portion of rough, uncut diamonds processed in India in the form of either polished diamonds or finished diamond jewellery is exported. India is the largest processor of rough diamonds, processing 57% of the rough diamonds in value terms and approximately 95% of the roughs in volume terms (2005 data). India's share of the diamond processing industry pie is expected to drop to around 49 per cent (in value terms) by 2015. China will emerge as a strong player with 21.3 per cent of the diamond processing share by 2015 (*Source: GJEPC, IMaCS).* Preference for gold dominates the domestic jewellery demand. The domestic demand for gold jewellery is estimated at Rs. 55,000 crores in 2007, accounting for an estimated 80% of the Indian jewellery market of Rs. 69,000 crores. The balance comprises diamond jewellery Rs. 11,500 crores, and other fabricated jewellery Rs. 2,500 crores. With an estimated gold jewellery consumption of 470 tonnes during 2008, India is the largest consumer of gold jewellery in the world.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008

Industry Structure

India is the largest diamond cutting & polishing centre in the world, followed by Israel. The bulk of the G&J industry in India is concentrated in the unorganised sector and employs an estimated Rs.14 lakh workers serving over Rs. 4.5 lakh goldsmiths, and around Rs. 1 lakh diamond processing units. There are over Rs. 1 lakh gold jewellers and over 8,000 diamond jewellers. The majority of India's diamond workforce is employed by small units that process diamonds on a job-lot basis. The number of gold jewellery manufacturing units is put at Rs. 1 lakh. The Indian CPD exports industry has been built on polishing lower size and quality stones.

However, the share of the unorganised sector in the Indian G&J business is declining. For example, according to a survey commissioned by GJEPC, the share of the organised sector in diamond processing increased from 9% in 1995 to 45% in 1998. This was because of the shift in processing towards higher stones, implementation of advanced cutting techniques, and preference of buyers towards fewer sellers.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008; IMaCS – Gems & Jewellery Industry Update, June 2009

The G&J business is typically subject to seasonal fluctuations in sales. In particular, higher sales are reported during October-March, because of the Diwali, Christmas and the wedding season.

Trade

The G&J industry contributes a major share of India's exports. Exports of G&J aggregated Rs. 95,092 crores (US$21.11 billion) during FY2009, accounting for 12.0% of India's exports. The exports grew by 13.52% in rupee terms over FY2008; primarily due to the decline of the rupee against the dollar (growth in dollar terms was only 1.45%). Ignoring minor year-on-year variations, the share of G&J in India's exports has grown over time from 4% in 1972-73 to 17.1% in FY2003, before declining thereafter primarily because of higher growth in other items. With negligible production of gold and diamonds, the Indian G&J industry is almost entirely dependent on imported raw materials. During FY2009, imports of pearls, precious & semi-precious stones; and gold aggregated Rs. 89,344 crores (US$19.54 billion), accounting for 6.6% of total imports. The imports exhibited a growth of 20.49% in rupee terms and 7.39% in dollar terms over FY2008.

The first three months (April – June) of FY2010 saw the imports decline by 18.61% in rupee terms over the corresponding period last year (32.51% decline in imports in dollar terms). The decline in exports has been less severe during the same period, with a 4.92% de-growth in rupee terms and 20.88% de-growth in dollar terms.

Raw Material: An estimated 39% of India's G&J imports during FY2009 were of rough diamonds (which are then cut & polished for re-export), followed by CPDs (36%), and gold bars (21%).

During FY2008, India imported Rs.1,692 lakh carats of rough diamonds valued at roughly US$9.80 billion (Rs. 39,922 crores). The major supplier countries include Belgium, UK, Israel, UAE, and US. Maintaining an uninterrupted supply of rough diamonds is critical to the Indian G&J industry, which obtains its requirement primarily from De Beers, Rio Tinto, and the Antwerp Diamond Market in Belgium.

Finished Goods: The bulk of the Indian G&J exports comprise import of rough diamonds, cutting and polishing in India, and re-export. As per data released by the Gems & Jewellery Export Promotion Council (GJEPC), cut & polished diamonds (CPDs) accounted for 61.7% of India's G&J exports of Rs. 95,100 crores during FY2009, followed by gold jewellery (32.5%), and rough diamonds (3.7%). Thus, two items—CPDs and gold jewellery—account for around 94% of India's G&J exports.

The US is the largest market for diamond jewellery, accounting for around 44% of world diamond jewellery sales of US$65 billion (Rs. 3.18 lakh crores) during 2008. Other major consuming markets include Japan (12%), Middle East (10%), and Europe (12-12%). The US is also the world's leading importer of CPDs, accounting for around 34% of total world imports, followed by Hong Kong (17%), and Belgium (9%), and UAE (6%). The US is also the world's largest importer of gold jewellery accounting for 24% of world imports, followed by UAE (11%), UK (11%), and Hong Kong (9%). The US has been traditionally the largest market for Indian G&J exports, accounting for 23% of India's G&J exports during 9MFY2009. Other major export destinations include Hong Kong (27%), UAE (23%), and Belgium (10%). The industry is therefore significantly dependent on the growth in these economies.

Domestic Demand

Diamond Jewellery: As with all luxury products, jewellery and diamond demand is highly elastic. Diamond and jewellery sales rise strongly in periods of buoyant economic growth, and vice versa. In addition, diamond demand has a tendency to lag behind economic recovery by about one year. The Indian domestic diamond jewellery market is estimated at around Rs. 12,400 crores in retail value during 2008. The demand for diamond jewellery is dependent on India's gross domestic product's (GDP) growth, which increased 9% in FY2008; However, GDP growth has moderated to an estimated 7% in FY2009, with a further expected moderation to 6% in FY2010. Although accurate and official data is not available, while China ranks sixth in the world in terms of diamond jewellery retail value, ahead of India which is in seventh place, India ranks third in terms of diamond value, while China holds the seventh position. Because of increased disposable income and aggressive promotion strategies by the diamond industry, Indian diamond jewellery demand has increased significantly in recent years—from Rs. 1,970 crores in 1995 to around Rs. 12,400 crores in 2008.

Overall, world jewellery retail sales are expected to decline sharply in 2009. De Beers expects retail sales to decline 5% in polished wholesale prices. While US sales are expected to decline 8% in 2009, sales are expected to stagnant in China and the Middle East. India's retail sales are expected to increase 4-5% in 2009.
Source: IMaCS – Gems & Jewellery Industry Update, June 2009

SUMMARY OF BUSINESS

The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section titled "Risk Factors," on page x of the Red Herring Prospectus.

Overview

We are in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. We were initially in the business of export of coloured stones and have since then expanded into diamond trade in 1994 and manufacturing of diamond studded jewellery in 2003. Our cutting and polishing activity was boosted in 2006 by having establishing our own diamond processing unit at SEZ in Surat for processing of rough diamonds. In 2007, we set up another facility for processing of rough diamonds in Mumbai to cater to the local market and for our jewellery making operations. We scaled up our diamond jewellery making operations by establishing a dedicated manufacturing facility in Mumbai and launched our first jewellery retail store in July 2008.

Our Company is promoted by Mr. Nand Lal Goenka who has over 40 years of experience in the gems and jewellery business alongwith his sons, Mr. Navneet Goenka and Mr. Nitin Goenka.

Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of our business. We source rough diamonds from a variety of suppliers in Hong Kong, USA, Russia and the local Indian market. We have acquired 95% stake in M. B. Diamonds, a LLC registered in Russia in March 2008 to enable us to import high quality and competitively priced rough and semi-processed diamonds from Russia. We supply the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based out of Hong Kong, South East Asia, USA, India and other countries.

We retail our diamond jewellery under two brands viz. *CERES* and *G WILD* catering to specific segments. We retail high end diamond jewellery under the *CERES* brand targeting the top-end segment of the society while *G WILD* focuses on internationally designed diamond jewellery targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands. We currently have presence in retail through 3 company operated *G WILD* stores, 1 store under franchisee and 1 shop-in-shop for *G WILD*. We opened the first *CERES* store in Mumbai in April 2009.

We also sell primarily high-end diamond jewellery through our corporate office to exclusive clients, business associates and select retailers. We have been undertaking this wholesale supply of jewellery since 2003.

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian Subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain. Going forward, we plan to strengthen our model by expanding our Russian sourcing operations and increasing our retail network.

As of February 28, 2010, we have 172 full time employees. We have been certified as an ISO 9001:2000 company by ISOQAR Limited.

Based on our restated unconsolidated financial statements, for the period April-December 2009, Fiscal 2009, 2008 and 2007, we generated total income of Rs. 40,914.94 lakhs, Rs. 45,128.95 lakhs, Rs. 20,061.92 lakhs and Rs. 7,360.54 lakhs respectively, and net profit of Rs. 3,328.19, Rs. 2,740.12 lakhs, Rs. 1,240.23 lakhs and Rs. 269.31 lakhs respectively. Over the fiscal years 2007 to 2009, our total income and net profit increased at a CAGR of 147.61% and 218.98% respectively.

Currently, our business is broadly divided into diamond processing business and jewellery business. Our diamond processing business consists of trading, cutting and polishing of diamonds. Jewellery Business consists of manufacturing and retail of jewellery under *CERES* and *G WILD* brands and also includes our wholesale jewellery operations. Out of our standalone operating income of Rs. 40,904.98 lakhs and Rs. 44,377.47 lakhs for the nine month period ending on December 31, 2009 and Fiscal 2009 respectively, diamond processing business accounted for 72.84% and 77.26 % of total income respectively and jewellery business accounted for 27.16% and 22.74% respectively of total income.

Competitive Strengths

Integrated player with presence across the value chain

We are an integrated company having presence across the various segments of the value chain. We source roughs from a variety of suppliers including our Subsidiary, process them for exports and also for manufacturing our branded jewellery. We retail the jewellery through our stores under our own brands. By having a strong presence across the value chain, we are able to minimize risk and optimize profitability of operations. Going forward, we plan to increase the integration as we expand the operations of our Russian Subsidiary and increase our retail network.

Promoters experience of over four decades in the Gems & Jewellery industry

We benefit from the experience of our Promoters and the core management team. Our Promoters have been in the business of gems and jewellery for over four decades and have built immense experience and strong relationships with both suppliers and customers in the industry. Our founder, Mr. Nand Lal Goenka entered this business in 1969 and has established strong contacts with both international and domestic customers. Mr. Navneet Goenka and Mr. Nitin Goenka have a combined experience of over 21 years in the diamond business.

Our core strength lies in the extensive knowledge of our core management team which helps us execute our growth strategies. Most of our key managerial personnel have substantial experience in the gems and jewellery industry. We believe that having a strong management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth.

Expertise in processing larger sized stones

Our focus has been on technological skill in processing of large size (high carat) diamonds which provides higher margins. India’s major contribution has been in processing smaller sized diamonds while larger stones processed in countries like Belgium, Israel, etc. Over the years, we believe that we have built the required expertise in this area, which differentiates us and gives us an edge over most of our Indian competitors.

The price/carat for diamonds increases as size of the diamond increases. For example, as per Rapaport Diamond Report dated August 29, 2009, for round diamonds, the price for a VVS1 (very very slight) cut D colour diamond increases from US$ 3,700/carat for diamonds in 0.30 – 0.39 carat range to US$ 6,300/carat for diamonds in the 0.50 – 0.69 carat range. Our price realization per carat is higher than industry average. The realization per carat for Indian CPD exports was US$ 324/carat in Fiscal 2009 and US$ 303/carat for the period April – December 2009. Our per carat realization stood in Fiscal 2009 at US$1,407.89 and for the Period ending on December 2009 at US $ 2,103.38 *(Source: IMaCS – Gems & Jewellery Industry Update, June 2009; www.gjepc.com)*

Table 1: Realization per carat over the years

	Fiscal 05	Fiscal 06	Fiscal 07	Fiscal 08	Fiscal 09	April-Dec 2009
Diamond Sales (Rs. Lakh)	2,628.63	3,813.36	7,359.46	16,319.68	34,276.09	29,795.13

Volume (carat)	17,882	27,533	34,071	36,262	52,662	30,641
Sales/carat (Rs.)	14,699.87	13,850.19	21,600.18	45,005.52	65,086.95	97,239.32
Sales/carat (US$)*	317.97	299.59	467.23	973.51	1,407.89	2,103.38

**Converted at the rate of Rs. 46.23 per dollar; Exchange rate is as on Feb 26, 2010 sourced from www.rbi.org.in*

Strong designing and production capabilities wsith modern equipments

We have an extensive design bank which allows us to manufacture a variety of jewellery as per requirements. We have an in-house design team besides some select freelance designers for designing jewellery in line with the latest trends and customer preferences in the least possible time-frame. Our expertise in polishing large diamonds and cutting them into various shapes like of round, marquise, pears, radiants, etc. allows us to introduce variety of innovative and exotic designs at economic price and allows us to reduce the time to market for newer designs. This is reflected in our retail sales, which have averaged at Rs. 27.35 lakhs and Rs.34.67 lakhs per store per month for the *G WILD* brand in Fiscal 2009 and for the 9 month period ending on December 31, 2009 (average is for stores only and excludes shop-in-shop outlets) Similarly for our *CERES* store the average sales was Rs 327.14 lakhs per month per store for the 9 months period ending on December 2009.

We use the advanced technology and equipment in our manufacturing facilities to enable us to process the rough diamonds in the most efficient and optimal manner and allow us to design the highest quality jewellery. We have been certified as an ISO 9001:2000 company which stands for product quality assurance system. Further, majority of the diamonds used in *CERES* jewellery are certified by Gemological Institute of America (GIA), a globally renowned certification institutes.

Well diversified customer base

In the last few years, we have diversified our export client base and have entered new markets for our export business. Our main countries for exports include US, South East Asia, and Hong Kong. Over the years, we have reduced our exposure to the US which now accounts for less than 13% of our total Diamond Business sales for the 9 month period ended December 31, 2009 vis-à-vis more than 66% in Fiscal 2007. We have focused on untapped markets for export of polished diamonds. This allows us to earn higher margins due to our early mover advantage. Our second largest market, Hong Kong primarily acts as hub for re-export to other countries. We have significantly increased our focus on the South East Asian region which emerged as our biggest market.

Further, we have increased sales to the local Indian market which accounts for more than 5% of our diamond segment sales for the nine months period ended December 31, 2009 from Nil in Fiscal 2007. Thus we are less dependent on the vagaries of a single economy.

We were able to increase our Diamond Business segment sales by 110.10% in Fiscal 2009 over Fiscal 2008. For the same period, the exports of cut and polished diamonds by the Indian diamond industry rose by 2.68% in rupee terms. (*Source: GJEPC website; http://www.gjepc.org/pdf/Current_updates/Exports_of_Gems_and_Jewellery_for_April_08__March_09__Summary_.pdf)*

Business Strategies

Moving up the value chain

We started our diamond business as a trading concern and remained primarily a trading house till Fiscal 2007. With the launch of our manufacturing facility, we have reduced our trading business to a small portion of our total revenues and have focused on manufacturing and processing of rough diamonds. We will continue to focus on the manufacturing business where we enjoy higher margins. We also plan to continue moving towards processing higher carat diamonds allowing us to establish a niche.

Our entry into retail of diamond jewellery was a natural progression from the processing of diamonds business. We started our wholesale diamond jewellery business in 2003 and then entered the retail jewellery business in 2008. As we expand our retail presence, we plan to emerge as an integrated player having a strong presence across the various segments of the value chain. Further, to improve our backward linkages, we plan to increase our presence in Russia through our Subsidiary. For details please refer to section titled "Objects of the Issue," on page 40 of the Red Herring Prospectus.

Due to this strategy we have managed to earn a return on networth which is above the industry average over the past two years. Our average RONW for Fiscal 2008 and Fiscal 2009 stood at over 33% vis-à-vis an industry average of under 6% in Fiscal 2008. (*Source: IMaCS – Gems & Jewellery Industry Update, June 2009)*

Continued focus on retail

We plan to expand our retail presence for both our brands – *G WILD* and *CERES*. We plan to open 12 *G WILD* stores in the Fiscal 2011 and another 5 *G WILD* stores in Fiscal 2012. Further, we plan to open two *CERES* store in Fiscal 2011. All the stores planned will be Company operated. Further all the shops will be taken on a rental basis to ensure lower capital expenditure.

The increased presence would allow us to tap newer markets, increase jewellery sales and boost our profitability. The launch of exclusive retail showrooms across new locations would help in increasing our brand visibility and acceptance. We are also increasing our jewellery manufacturing capacity in anticipation of increased demand. For details please refer to section titled "Objects of the Issue," on page 39 of the Red Herring Prospectus.

Establish our jewellery brands

Entry into branded jewellery segment is our strategy to capture the shift of the Indian market from traditional jewellery to international styled branded segment. In order to emerge as a leading retail jewellery player, it is essential for us to create and establish reputed brands. We retail our diamond jewellery under two brands viz. *CERES* and *G WILD*. We retail premium luxury diamond jewellery under the *CERES* brand targeting the top-end segment of the society while *G WILD* focuses on internationally designed diamond jewellery targeting the youth. For increasing our brand's awareness, we are undertaking marketing campaign across various media channels. We will focus on establishing these two brands and may introduce new brands in line with the trends and customer preferences.

Sourcing from low cost locations

In the diamond business, raw material costs account for a major portion of the operating expenses. Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of our business. As per IMaCS, raw material accounted for 95.7% of the net sales in FY09. (*Source: IMaCS – Gems & Jewellery Industry Update, June 2009)*. Any savings on raw materials would thus give a substantial boost to our operating profits. In order to lower our procurement costs, we plan to increase our sourcing from Russia, which is one of the largest producers of rough diamonds in the world. We plan to benefit from the favourable government policies in Russia towards local companies and immense experience of the management team of the Subsidiary in order to lower the cost of procurement from Russia, which would in-turn lower our overall material costs. For details please refer to section titled "Objects of the Issue," on page 40 of the Red Herring Prospectus.

Focus on untapped markets

We continue to focus on the untapped markets for export of polished diamonds. This allows us to earn higher margins due to less competition from other players. South East Asia emerged as our largest exporter region in Fiscal 2009. The sales to the region in Fiscal 2008 were non-existent. The region has a significant domestic market and also acts as a conduit for sales to other neighbouring countries. We also expanded our local sales of polished diamonds with sales rising from Rs. 288.77 lakhs in Fiscal 2008 to Rs. 4,353.57 lakhs in Fiscal

2009. The local sales of polished diamonds stood at Rs. 1,831.01 lakhs for the nine months period ended December 31, 2009. Going forward we will continue to focus on markets, which are currently underserved by our competition.

Increasing capacity in the Diamond Business

We plan to expand our processing capacity of rough diamonds in the facility in Surat. The facility currently is under-utilized and capacity for the unit can be expanded without incurring any major capital expenditure on construction. With increased processing of larger sized stones in the coming years, the augmented capacity will be sufficient to cater to the future demand.

THE ISSUE

The following table summarizes the Issue details:

Issue	1,00,00,000 Equity Shares
Of which:	
a. QIB Portion[(1)]	Up to 50,00,000 Equity Shares*
Of which:	
Mutual Fund Portion	2,50,000Equity Shares*
Balance for all QIBs including Mutual Funds	47,50,000 Equity Shares*
b. Non-Institutional Portion	Not less than 15,00,000 Equity Shares*
c. Retail Portion	Not less than 35,00,000 Equity Shares*
Equity Shares outstanding prior to the Issue	2,23,29,000 Equity Shares
Equity Shares outstanding after the Issue	3,23,29,000 Equity Shares
Use of Issue proceeds	For details, see the section titled "Objects of the Issue" on page 36.

* *In the event of over-subscription, allocation shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price.*

[(1)] 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. Further, attention of all QIBs is specifically drawn to the following: (a) QIB Bidders will not be allowed to withdraw their Bid cum Application Forms after Bid/Issue Closing Date; and (b) each QIB Bidder, including a Mutual Fund is required to deposit a Margin Amount of at least 10% with its Bid cum Application Form. In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion to be allocated on a proportionate basis.

SUMMARY FINANCIAL INFORMATION

Unconsolidated Statement of Assets and Liabilities, as restated

(In Rs. Lakhs)

Particulars	As at 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
A. Tangible assets						
Fixed Assets						
Gross Block	1,175.81	1,099.34	655.57	622.74	586.24	553.49
Less: Accumulated Depreciation	397.75	320.72	269.08	233.58	202.41	173.43
Net block	**778.06**	**778.62**	**386.48**	**389.16**	**383.82**	**380.06**
Capital Work in progress including capital advances	-	3.12	84.56	8.72	-	-
Total	**778.06**	**781.74**	**471.04**	**397.87**	**383.82**	**380.06**
B. Intangible Assets						
Gross Block	7.50	7.50	-	-	-	-
Less: Amortization	2.25	0.63	-	-	-	-
Net Block	5.25	6.88	-	-	-	-
Total	**5.25**	**6.88**	**-**	**-**	**-**	**-**
C. Investments	2.03	2.03	2.03	-	-	-
D. Deferred Tax Asset	16.27	17.36	16.93	15.41	19.32	18.62
E. Current Assets, Loans and Advances						
Sundry debtors	37,482.30	24,649.49	9,560.23	5,736.26	2,865.38	1,813.67
Cash & Bank Balances	372.60	763.18	184.86	131.10	113.90	34.15
Inventories	9,476.26	5,556.28	1,272.25	1,243.78	776.25	1,884.38
Loans & Advances	234.71	263.44	115.23	57.40	215.69	94.45
Total	**47,565.88**	**31,232.40**	**11,132.56**	**7,168.53**	**3,971.22**	**3,826.65**
F. Liabilities & Provisions						
Current Liabilities & Provisions	32,418.82	19,840.53	5,149.42	2,820.22	613.28	406.99
Secured Loan	5,707.78	5,165.51	2,159.97	1,674.73	940.41	926.05
Unsecured Loan	-	1.15	6.15	6.15	9.26	127.05
Total	**38,126.60**	**25,007.19**	**7,315.54**	**4,501.09**	**1,562.95**	**1,460.08**
G. Net Worth (A+B+C+D+E-F)	**10,240.89**	**7,033.22**	**4,307.03**	**3,080.73**	**2,811.42**	**2,765.25**
Net Worth represented by:						
H. Equity Share Capital	**2,232.90**	**1,190.88**	**1,190.88**	**99.24**	**99.24**	**99.24**
I. Reserves and Surplus						
General Reserve	99.08	99.08	31.04	-	-	-
Profit and Loss Account	8,029.43	5,743.26	3,085.11	2,981.49	2,712.18	2,666.01
	8,128.51	**5,842.34**	**3,116.15**	**2,981.49**	**2,712.18**	**2,666.01**
Total (H+I)	**10,361.41**	**7,033.22**	**4307.03**	**3080.73**	**2811.42**	**2765.25**
J. Misc. Expenditure to the Extent Not Written Off	120.52	-	-	-	-	-
K. Net Worth (H+I+J)	**10,240.89**	**7,033.22**	**4,307.03**	**3,080.73**	**2,811.42**	**2,765.25**

Unconsolidated Statement of Profit and Loss, as restated

(In Rs. Lakhs)

Particulars	For the period ended 31st Dec 2009	For the year ended on 31st March 2009	2008	2007	2006	2005
I. Income						
Operating Income(Sales)	40,904.98	44,377.47	20,055.64	7,359.46	3,813.34	2,759.17
Exchange Difference (Net)	-	714.48	-	-	46.47	30.50
Other Income	9.96	37.01	6.28	1.08	0.54	0.51
Total-A	**40,914.94**	**45,128.95**	**20,061.92**	**7,360.54**	**3,860.35**	**2,790.17**
II. Expenditure						
Operating Expenses	36,223.79	41,391.79	18,107.15	6,701.94	3,608.71	2,615.85
Administration & Other Expenses	338.08	226.59	151.34	59.48	57.63	49.86
Employee Remuneration & benefits	169.90	182.17	90.53	27.72	24.35	15.24
Finance Charges	423.32	406.73	215.91	134.65	61.53	58.55
Exchange Difference (Net)	97.78	-	205.73	116.07	-	-
Depreciation & Amortization	78.65	56.37	33.68	29.34	28.53	31.97
Total-B	**37,331.53**	**42,263.66**	**18,804.33**	**7,069.19**	**3,780.75**	**2,771.47**
III. Profit before taxation (A-B)	**3,583.42**	**2,865.30**	**1,257.58**	**291.35**	**79.60**	**18.70**
Less: Provision for taxation	-	-	-	-	-	-
-Current	256.15	123.89	13.97	13.30	29.71	10.62
-Deferred	1.09	(3.25)	(0.70)	5.11	(0.31)	(21.87)
-Fringe benefit tax	(2.01)	6.85	2.90	2.15	3.09	-
	255.23	**127.49**	**16.17**	**20.56**	**32.49**	**(11.24)**
IV. Profit After Taxation as per audited statement of accounts (C)	**3,328.19**	**2,737.81**	**1,241.42**	**270.78**	**47.11**	**29.94**
Adjustments on account of changes in a accounting policies	-	6.25	(3.97)	(1.82)	(0.46)	-
Adjustments on account of taxes	-	(3.94)	1.93	1.20	(0.48)	4.21
Impact on account of material adjustments and prior period items	-	-	1.29	(1.29)	-	-
Total adjustments (E)	**-**	**(2.31)**	**(0.75)**	**(1.91)**	**(0.94)**	**4.21**
Tax impact on adjustments	-	-	0.43	(0.43)	-	-
Total adjustments net of tax impact (F)	**-**	**(2.31)**	**(1.19)**	**(1.47)**	**(0.94)**	**4.21**
	-	-	-	-	-	-
V. Adjusted profit/(loss)(C+F)	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**
Surplus/(Deficit) brought forward from the Previous year	**5,743.26**	**3,085.11**	**2,981.49**	**2,712.18**	**2,666.01**	**2,631.85**
VI. Profit available for appropriation						
Proposed equity dividend (Interim/Final)	-	11.91	11.91	-	-	-
Tax on dividend	-	2.02	2.02	-	-	-
Issue of Bonus shares	1,042.02	-	1,091.64	-	-	-
Transfer to Reserve	-	68.04	31.04	-	-	-
VII. Adjusted Available Surplus/(Deficit) carried forward	**8,029.42**	**5,743.25**	**3,085.10**	**2,981.50**	**2,712.18**	**2,666.01**

Unconsolidated Statement of Cash Flows, as restated

(In Rs. Lakhs)

Particulars	As on 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit after taxation and extraordinary items as restated:	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**
Adjustments for:						
Depreciation	78.65	52.26	35.50	31.17	28.99	31.97
Unrealized Foreign exchange difference	591.80	184.43	30.31	115.69	15.11	-
Gratuity	0.18	(0.63)	3.25	0.50	0.93	0.25
Finance charges (net)	413.43	399.76	214.88	134.46	61.53	58.55
Provision for taxes including deferred tax	255.23	131.43	14.67	18.92	32.97	(15.45)
Cash generated from operations before Working	**4667.48**	**3,507.38**	**1,538.83**	**570.04**	**185.70**	**109.48**
Capital Changes Adjustments for:						
Changes in Trade and Other Receivables	(14,029.07)	(13,559.01)	(3,859.34)	(2,895.91)	(1,166.21)	(709.25)
Changes in Inventory	(3,919.98)	(4,284.04)	(28.47)	(467.52)	1,108.12	900.78
Changes in Trade Payables	13,027.70	12,969.56	2,273.63	2,276.87	180.70	47.04
Cash generated from/(used in) Operations	**(253.88)**	**(1,366.11)**	**(75.34)**	**(516.53)**	**308.32**	**348.05**
	-	-	-	-	-	-
Income Taxes paid (net)	(132.33)	(45.83)	(26.68)	(31.04)	(6.82)	(12.77)
Fringe benefit tax	(2.32)	(2.52)	(2.90)	(5.00)	(0.24)	-
Net Cash Flow from /(used in) Operating Activities	**(388.53)**	**(1,414.46)**	**(104.92)**	**(552.56)**	**301.26**	**335.28**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	(73.34)	(369.84)	(108.67)	(45.22)	(32.75)	(0.94)
(Purchase)/Sale of Investments (net)	-	-	(2.03)	-	-	-
Interest Received	9.89	6.97	1.03	0.19	-	-
Dividend Received						
Net Cash from / (used in) Investing Activities	**(63.46)**	**(362.87)**	**(109.67)**	**(45.03)**	**(32.75)**	**(0.94)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Issue of Shares/Share Application Money	-	-	-	-	-	-
Proceeds/(Repayment) from/of Long Term borrowings (net)	-	(5.00)	-	(3.11)	(117.79)	(289.43)
IPO / Share issue Expenditure	(120.52)	-	-	-	-	-
Proceeds/(Repayment) from/of Short Term Borrowings (net)	619.23	2,781.32	484.25	752.54	(9.44)	26.02
Finance Charges Paid	(423.32)	(406.73)	(215.91)	(134.65)	(61.53)	(58.55)
Dividend Paid (including dividend distribution tax)	(13.99)	(13.93)	-	-	-	-
Net Cash from / (used in) Financing Activities	**61.40**	**2,355.65**	**268.35**	**614.78**	**(188.76)**	**(321.97)**
Net increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(390.58)**	**578.32**	**53.76**	**17.20**	**79.75**	**12.37**
Cash and Cash Equivalents at the beginning of the year	**763.18**	**184.86**	**131.10**	**113.90**	**34.15**	**21.78**
Cash and Cash Equivalents at the end of the year	**372.60**	**763.18**	**184.86**	**131.10**	**113.90**	**34.15**
Components of cash and cash equivalent						
- Cash and cheques on hand	28.93	8.20	0.93	17.24	7.40	24.06
- With banks						
- On current account	211.12	624.48	164.42	103.86	96.51	0.10
- On deposit account restricted	132.56	130.51	19.51	10.00	10.00	10.00
- On deposit account unrestricted	-	-	-	-	-	-

Consolidated Statement of Assets and Liabilities, as restated

(In Rs. Lakhs)

Particulars	As at	As at 31st March	
	31st Dec 2009	2009	2008
A. Tangible assets			
Fixed Assets			
Gross Block	1,176.03	1,099.63	655.86
Less: Accumulated Depreciation	398.04	321.01	269.32
Net block	777.99	778.62	386.53
Capital Work in progress inclu. capital advances	-	3.12	84.56
Total	**777.99**	**781.74**	**471.09**
Gross Block (Inclu. Goodwill on Consolidation)	22.85	22.78	15.28
Less: Amortization	2.25	0.63	-
Net Block	20.60	22.16	15.28
Total	**20.60**	**22.16**	**15.28**
C. Investments	-	-	-
D. Deferred Tax Asset	16.27	17.36	16.93
E. Current Assets, Loans and Advances			
Sundry debtors	37,482.30	24,649.49	9,560.23
Cash & Bank Balances	372.69	763.39	185.01
Inventories	9,544.43	5,658.70	1,461.86
Loans & Advances	259.67	231.75	224.20
Total	**47,659.09**	**31,303.35**	**11,431.30**
F. Liabilities & Provisions			
Current Liabilities & Provisions	32,422.94	19,845.36	5,143.98
Secured Loan	5,707.78	5,165.51	2,159.97
Unsecured Loan	129.08	135.80	321.79
Total	**38,259.81**	**25,146.67**	**7,625.74**
G. Net Worth (A+B+C+D+E-F)	10,214.14	6,977.93	4,308.86
Net Worth represented by:			
H. Equity Share Capital	2,232.90	1,190.88	1,190.88
I. Reserves and Surplus	-	-	
General Reserve	99.08	99.08	31.04
Profit and Loss Account	7,995.11	5,679.54	3,086.96
Foreign Currency Translation Reserve	7.56	8.43	(0.02)
Total	**8,101.75**	**5,787.05**	**3,117.98**
Total (H+I)	10,334.66	6,977.93	4,308.86
J. Misc. Expenditure	120.52	-	-
K. Net Worth (H+I-J)	10,214.14	6,977.93	4,308.86

Consolidated Statement of Profit and Loss, as restated

(In Rs. Lakhs)

Particulars	For the period ended 31st Dec 2009	For the year ended 31st March 2009	2008
I. Income			
Operating Income(Sales)	41,041.35	44,383.79	20,055.64
Exchange Difference (Net)	-	651.86	3.53
Other Income	9.96	37.01	6.28
Total-A	**41,051.31**	**45,072.66**	**20,065.45**
II. Expenditure			
Operating Expenses	36,344.37	41,378.56	18,106.02
Administration & Other Expenses	351.95	239.66	153.15
Employee Remuneration & benefits	170.22	190.09	90.63
Finance Charges	424.24	408.21	216.10
Exchange Difference (Net)	68.64	-	205.73
Depreciation & Amortization	78.65	56.41	33.69
Total-B	**37,438.07**	**42,272.93**	**18,805.32**
III. Profit before taxation (A-B)	**3,613.24**	**2,799.73**	**1,260.13**
Less: Provision for taxation		-	
-Current	256.57	123.89	13.97
-Deferred	1.09	(3.25)	(0.70)
-Fringe benefit tax	(2.01)	6.85	2.90
Total provision for current taxes	**255.65**	**127.49**	**16.17**
IV. Profit After Taxation Before Minority Interest as per audited statement of accounts (C)	**3,357.60**	**2,672.24**	**1,243.96**
Minority Interest (Refer Note D(10) of Annexure E)	**-**	**-**	**(0.70)**
V. Profit After Taxation After Minority Interest (D)	**3,357.60**	**2,672.24**	**1,243.26**
Adjustments on account of changes in a accounting policies	-	6.25	(3.97)
Adjustments on account of taxes	-	(3.94)	1.93
Impact on account of material adjustments and prior period items	-	-	1.29
Total adjustments (E)	**-**	**2.31**	**(0.75)**
Tax impact on adjustments	-	-	0.43
Total adjustments net of tax impact (F)	-	**2.31**	(1.19)
VI. Adjusted profit/(loss)(D+F)	**3,357.60**	**2,674.55**	**1,242.07**
Surplus/(Deficit) brought forward from the Previous year	**5,679.54**	**3,086.96**	**2,981.49**
VII. Profit available for appropriation			
Proposed equity dividend (Interim/Final)	-	11.91	11.91
Tax on dividend	-	2.02	2.02
Issue of Bonus shares	1,042.02	-	1,091.64
Transfer to Reserve	-	68.04	31.04
VIII. Adjusted Available Surplus/(Deficit) carried forward	**7,995.15**	**5,679.54**	**3,086.95**

Consolidated Statement of Cash Flows, as restated

(In Rs. Lakhs)

Particulars	For the period ended 31st Dec 2009	For the year ended 31st March 2,009	2,008
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit after taxation and extraordinary items as restated:	**3,357.60**	**2,674.56**	**1,242.08**
Adjustments for:			
Depreciation	78.65	52.31	35.52
Unrealized Foreign exchange difference	590.93	192.88	30.86
Gratuity	0.18	(0.63)	3.24
Finance charges (net)	414.35	401.24	215.07
Provision for taxes including deferred tax	255.65	131.43	14.67
Cash generated from operations before Working	**4,697.36**	**3,451.79**	**1,541.44**
Capital Changes Adjustments for:			
Changes in Trade and Other Receivables	(14,085.71)	(13,418.34)	(3,962.27)
Changes in Inventory	(3,885.73)	(4,196.84)	(5.64)
Changes in Trade Payables	13,027.00	12,979.83	2,264.61
Cash generated from/(used in) Operations	**(247.08)**	**(1,183.57)**	**(161.86)**
Income Taxes paid (net)	(132.75)	(45.83)	(26.68)
Fringe benefit tax	(2.32)	(2.52)	(2.90)
Net Cash Flow from /(used in) Operating Activities	**(382.16)**	**(1,231.92)**	**(191.44)**
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES			
Purchase of Fixed Assets	(73.35)	(369.84)	(108.67)
Interest Received	9.89	6.97	1.03
Net Cash from / (used in) Investing Activities	**(63.46)**	**(362.87)**	**(107.64)**
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES			
Proceeds from Issue of Shares/Share Application Money	-	-	-
Proceeds/(Repayment) from/of Long Term borrowings (net)	-	(5.00)	-
IPO/Share Issue Expenses	(120.52)	-	-
Proceeds/(Repayment) from/of Short Term Borrowings (net)	613.66	2,600.32	569.09
Finance Charges Paid	(424.24)	(408.21)	(216.10)
Dividend Paid (including dividend distribution tax)	(13.99)	(13.93)	-
Net Cash from / (used in) Financing Activities	**54.91**	**2,173.18**	**352.99**
Net increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(390.71)**	**578.39**	**53.91**
Cash and Cash Equivalents at the beginning of the year	**763.40**	**185.01**	**131.10**
Cash and Cash Equivalents at the end of the year	**372.69**	**763.40**	**185.01**
Components of cash and cash equivalent			
- Cash on hand	28.93	8.20	0.93
- With banks			
- On current account	211.20	624.69	164.57
- On deposit account restricted	132.56	130.51	19.51
- On deposit account unrestricted (to check with Company)	-	-	-

GENERAL INFORMATION

Our Company was incorporated on November 5, 1990 as "Goenka Exports Private Limited", a private limited company under the Companies Act. With effect from July 1, 1997, our Company became a "deemed public company" by virtue of section 43(A) of the Companies Act and ceased to be a private company. Subsequently by a shareholders resolution dated January 29, 2002, our Company was converted into a public company and a fresh certificate of incorporation, in the name of "Goenka Exports Limited" was issued by the RoC on January 30, 2002. The name of our Company was changed to "Goenka Exports Private Limited" following a special resolution in the extraordinary general meeting held on November 29, 2004 and a fresh certificate of incorporation was issued by the RoC on December 10, 2004. Our Company changed its name to "Goenka Diamond and Jewels Private Limited" pursuant to a special resolution at the extraordinary general meeting held on March 21, 2008. A fresh certificate of incorporation was issued by the RoC on March 27, 2008. By a resolution dated April 15, 2008, our Company was converted into a public limited company and its name was changed to its present name "Goenka Diamond and Jewels Limited". A fresh certificate of incorporation was issued by RoC on May 15, 2008 consequent to change of name on conversion to public limited company. For further details in this regard, see the section titled "History and Certain Corporate Matters" on page 82.

Registered Office

401, Panchratana,
Moti Singhbhomiyon Ka Rasta,
Johari Bazar,
Jaipur - 302003
India.
Telephone: + 91 141 2574175
Facsimile: +91 141 2573305

Changes in our Registered Office

There has been no change in the registered office of our Company.

Corporate Office

Premises No. 1305,
13th Floor, Panchratna Building,
Mama Parmanand Marg, Opera House,
Mumbai - 400004,
India.
Telephone: + 91 22 23620222
Facsimile: + 91 22 23676020

Registration Number: 005651

Corporate Identity Number: U36911RJ1990PLC005651

Address of the RoC

The RoC is situated at the following address:

Registrar of Companies,
Corporate Bhawan,
G/6-7, Second Floor,
Residency Area,
Civil Lines,

Jaipur- 300201
India.
Telephone: +91 141 2222465
Facsimile: +91 141 2222464

Board of Directors

Our Board comprises the following:

	Name, Designation and Occupation	Age (years)	DIN	Address
1.	Mr. Nand Lal Goenka Chairman *Occupation*: Business	60	00125281	C-114, Shiwaji Marg, Tilak Nagar, Jaipur – 302 004, India.
2.	Mr. Navneet Goenka Vice Chairman and Managing Director *Occupation:* Business	33	00164428	Flat No. 3, First Floor, Mount Unique, 62A, Dr. G.D. Marg, Peddar Road, Mumbai – 400 026
3.	Mr. Nitin Goenka Managing Director *Occupation:* Business	29	00126592	C-114, Shiwaji Marg, Tilak Nagar, Jaipur – 302 004, India.
4.	Dr. A.C. Shah Independent Director *Occupation*: Business	75	00022612	C-1/2, Llyods Garden, Appasaheb Marathe Marg Prabhadevi, Mumbai – 400025, India
5.	Mr. Vijay G. Kalantri Independent Director *Occupation*: Business	60	00019510	2, Wahedna Apartments, 75, Hill Road, Bandra (W), Mumbai – 400 050, India
6.	Mr. S.N. Sharma Independent Director *Occupation*: Business	74	00183424	51, Nymph, 2-B, Narayan Dabholkar Road, Malabar Hills, Mumbai – 400 006, India

For further details and profile of our Directors, see the section titled “Our Management” on page 88.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Ms. Hemangi Shailesh Patil. Her contact details are as follows:

Ms. Hemangi Shailesh Patil
Premises No. 1305
13th Floor, Panchratna Building
Mama Parmanand Marg, Opera House
Mumbai- 400004, India
Telephone: + 91 22 23891678
Facsimile: + 91 22 2389 1677
Email:cs@goenkadiamonds.com;
Website: www.gdjl.co.in

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

Book Running Lead Manager

SBI Capital Markets Limited
202, Maker Towers 'E',
Cuffe Parade,
Mumbai-400 005,
India.
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: goenkadiamond.ipo@sbicaps.com
Investor Grievance ID: Investor.relations@sbicaps.com
Contact Person: Mr. Apurva Kumar
Website: www.sbicaps.com
SEBI Registration No: INM000003531

Syndicate Members

SBICAP Securities Limited
191, Maker Towers 'F',
Cuffe Parade,
Mumbai-400 005,
India.
Tel: +91 22 3027 3309
Fax: +91 22 3027 3402
Email: Prasad.chitnis@sbicapsec.com
Contact Person: Mr. Prasad Chitnis
Website: www.sbicapsec.com
SEBI Registration No: BSE:INB01105303
NSE: INB231052938

SMC Global Securities Limited
11/ 6B Shanti Chamber,
Pusa Road,
New Delhi 110005
Tel: + 91 11 3011 1000
Fax: +91 11 2575 4365
Email: rakesh@smcindiaonline.com
Contact Person: Mr. Rakesh Gupta
Website: smacindiaonline.com
SEBI Registration No: BSE: INB/INF/INE 011343937
NSE: INB/INF/INE 230771431

Legal Counsels to the Issue

Luthra and Luthra Law Offices
704, Embassy Centre,
Nariman Point,
Mumbai- 400 021, India.
Telephone: +91 22 6630 3600
Facsimile: +91 22 6630 3700
E-mail: mumbai@luthra.com

Registrar to the Issue

Karvy Computershare Private Limited
46, Avenue 4, Street No. 1
Banjara Hills
Hyderabad 500 034
India
Tel: +91 040 2342 0815 – 24
Fax: +91 040 2342 0814
Email: varghese@karvy.com
Contact Person: Mr. P. A. Varghese
Website: www.karvy.com
SEBI registration number: INR000000221

For all Issue related queries and for redressal of complaints, investors may also write to the Registrar to the Issue or the Book Running Lead Manager.

Bankers to the Issue

HDFC Bank Limited
FIG - OPS Department,
- Lodha, I Think Techno Campus,
O-3, Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai- 400042
Tel: +91 22 3075 2928
Fax: + 91 22 2579 9801
Email: deepak.rane@hdfcbank.com
Contact Person: Deepak Rane
Website: www.hdfcbank.com
*SEBI Registration No.: INBI00000063
**Registration as a Banker to an Issue with SEBI has expired on January 31, 2010 and application for renewal has been made via letter dated October 30, 2009.*

Escrow Collection Banks

HDFC Bank Limited
FIG - OPS Department,
- Lodha, I Think Techno Campus,
O-3, Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai- 400042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com
Contact Person: Deepak Rane
Website: www.hdfcbank.com
*SEBI Registration No.: INBI00000063
**Registration as a Banker to an Issue with SEBI has expired on January 31, 2010 and application for renewal has been made via letter dated October 30, 2009.*

The Hongkong and Shanghai Banking Corporation Limited
Plot No. 139-140B, Western Express Highway, Sahar Road Junction,
Vile Parle (E),
Mumbai 400 057
Tel: +91 22 4035 7458
Fax: + 91 22 4035 7657
Email: swapnilpavale@hsbc.co.in
Contact Person: Swapnil Pavale

Website: www.hsbc.co.in
*SEBI Registration No.: INBI00000027
Registration as a Banker to an Issue with SEBI has expired on November 30, 2009 and application for renewal has been made via letter dated August 28, 2009.

ICICI Bank Limited
Capital Markets Division,
30 Mumbai Samachar Marg,
Fort, Mumbai 400001
Tel: +91 22 2262 7600
Fax: +91 22 2261 1138
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr.Venkataraghavan T A
Website: www.icicibank.com
SEBI Registration No.: INBI00000004

Punjab National Bank
2nd Floor, PNB Road,
Sir PM Road, Fort,
Mumbai 400001
Tel: +91 22 2262 1162
Fax: +91 22 2261 1163
Email: www.pnbindia.com
Contact Person: Mr.K.K. Khurana
Website: www.icicibank.com
*SEBI Registration No.: INBI00000084
Registration as a Banker to an Issue with SEBI has expired on November 30, 2009 and application for renewal has been made via letter dated August 26, 2009.

State Bank of India
Capital Market Branch,
Ground Floor, Main Branch Building,
Mumbai Samachar Marg,
Fort, Mumbai 400001
Tel: +91 22 2269 1561/ 2266 2133
Fax: +91 22 2267 0745/ 2266 4959
Email: vidya.krishnan@sbi.co.in/ rajeev.kumar@sbi.co.in
Contact Person: Ms. Vidya Krishnan/ Mr. Rajeev Kumar
Website: www.sbi.co.in
*SEBI Registration No.: INBI00000038
** Registration as a Banker to an Issue with SEBI has expired on November 30, 2009 and application for renewal has been made via letter dated August 28, 2009.*

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs is provided at http://www.sebi.gov.in/pmd/scsb/pdf.

Refund Banker

HDFC Bank Limited
FIG - OPS Department,
- Lodha, I Think Techno Campus,
O-3, Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai- 400042
Tel: +91 22 3075 2928

Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com
Contact Person: Deepak Rane
Website: www.hdfcbank.com
*SEBI Registration No.: INBI00000063
** Registration as a Banker to an Issue with SEBI has expired on January 31, 2010 and application for renewal has been made via letter dated October 30, 2009.*

Auditors to our Company

M/s. B. Khosla & Co. 206 Anukampa II, M. I. Road, Jaipur – 302 001, India. Tel: +91 141 237 2543 Fax: +91 141 257 3305 E-mail: sandeep@bkhosla.com Registration No: **000205C**	**M/s. Haribhakti & Co.** 42, Free Press House, 4th Floor, 215, Nariman Point, Mumbai – 400 021, India. Tel: +91 22 6639 1101-04 / 2287 1099 Fax: +91 22 2285 6237 E-mail: rakesh.rathi@bodharibhakti.co.in Registration No: **103523W**

Bankers to our Company

Punjab and Sindh Bank Opera house Branch, Mumbai- 400 004 Tel: +91 22 23630936 Fax: +91 22 23678277 E-mail: bolly@psb.org.in	**Punjab National Bank** Brady House Branch, Mumbai- 400 023. Tel: +91 22 22042252 Fax: +91 22 22049294 E-mail: pnbbradyhouse@gmail.com
UCO Bank Nariman Point Branch, Mumbai- 400 021. Tel: +91 22 40549191 Fax: +91 22 40549122 E-mail: bo.narimanpt@ucobank.co.in	**State Bank of India** Diamond Branch, Mumbai- 400 004. Tel: +91 22 23892023 Fax: +91 22 23892165 E-mail: sbidiait@bom5.vsnl.net.in

Statement of Responsibility of the Book Running Lead Manager

The Book Running Lead Manager shall be responsible for the following activities in relation to the Issue:

Sr. No.	Activity
1.	Capital structuring with the relative components and formalities such as type of instruments etc.
2.	Due diligence of our Company's operations / management / business plans / legal etc. Drafting and design of the Draft Red Herring Prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.
3.	Vetting of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.
4.	Assist the Company in appointment of intermediaries viz. Printers and Advertising Agency.
5.	Assist the Company in appointment of other intermediaries viz. Registrar and Bankers to the Offer.
6.	International Institutional Marketing of the Offer, which will cover, *inter alia,* - Preparation of the road show presentation and FAQs - Finalizing the list and division of investors for one to one meetings; and - Finalizing road show schedule and investor meeting schedules
7.	Domestic Institutional Marketing of the Offer, which will cover, *inter alia,* - Finalizing the list and division of investors for one to one meetings; and - Finalizing road show schedule and investor meeting schedules
8.	Non-Institutional and Retail Marketing of the Offer, which will cover, *inter alia,* - Formulating marketing strategies, preparation of publicity budget; - Finalizing Media and PR strategy;

Sr. No.	Activity
	- Finalizing centres for holding conferences for brokers etc.; - Finalizing bidding centres; - Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and - Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading
9.	Pricing, in consultation with the Company, Managing the book and coordination with stock exchanges during the book-building period.
10.	The post bidding activities including management of escrow accounts, coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Offer activities will involve essential follow up steps, which include the finalization of the basis of allotment, listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.
11.	In case of under-subscription of the Issue, invoking of underwriting obligations and issue of notice for development containing the obligations of the underwriters in terms of the ICDR Regulations.

Credit Rating

As this Issue involves issuance of equity shares, a credit rating for this Issue is not required.

Trustees

As this Issue involves issuance of equity shares, the appointment of trustees is not required.

IPO Grading Agency

ICRA Limited
Electric Mansion, 3rd floor,
Appa Saheb Marathe Marg,
Prabhadevi,
Mumbai – 400 025
Telephone: +91 22 3047 0022
Facsimile: +91 22 2433 1390
E-mail: vivekk@icraindia.com
Contact Person: Mr. Vivek Kedia

IPO Grading

This Issue has been graded by ICRA Limited and has been assigned the "IPO Grade 2" indicating below average fundamentals through its letter dated March 6, 2010, which is valid for a period of 2 months from the date of issue of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and "IPO Grade 1" indicates poor fundamentals.

A copy of the report provided by ICRA Limited, furnishing the rationale for its grading will be made available for inspection at our Registered and Corporate Office from 10.00 a.m. to 4.00 p.m. on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Monitoring Agency

As the size of the Issue will not exceed Rs. 50,000 lakhs, the appointment of Monitoring Agency would not be required as per Regulation 16 of the ICDR Regulations.

Project Appraisal

None of the objects of the Issue have been appraised.

Book Building Process

"Book building" refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms. The Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

(1) our Company;
(2) the Book Running Lead Manager;
(3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with any of the Stock Exchanges and eligible to act as underwriters. Syndicate Members are appointed by the Book Running Lead Manager;
(4) Registrar to the Issue;
(5) Escrow Collection Banks; and
(6) SCSBs.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation to on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

In accordance with the ICDR Regulations, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. In addition, QIBs are required to pay Margin Amount of at least 10% upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, see the sections titled "Terms of the Issue" and "Issue Procedure" on pages 168 and 179 respectively.

Our Company will comply with the ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the Book Running Lead Manager to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for making a Bid or application in this Issue:

- Check eligibility for making a Bid. For further details, see the section titled "Issue Procedure" on page 205. Specific attention of ASBA Bidders is invited to the section titled "Issue Procedure – Issue Procedure for ASBA Bidders" on page 204;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
- Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in the Red Herring Prospectus and in the respective forms;
- Ensure that you have mentioned your PAN in the Bid cum Application Form or ASBA Form (see the section titled "Issue Procedure" on page 212);
- Ensure the correctness of your Demographic Details (as defined in the section titled "Issue Procedure – Bidder's Depository Account and Bank Account Details" on page 186, given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Bids by ASBA Bidders will only have to be submitted to the SCSBs at the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA is not rejected; and

- Bids by QIBs will only have to be submitted to the BRLM.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders (excluding Retail Individual Bidders who can Bid at Cut-Off Price) can bid at any price within the Price Band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with Book Running Lead Manager will finalise the issue price at or below such cut-off, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of this Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue after the bidding. If the Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges where the specified securities were proposed to be listed. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In terms of the ICDR Regulations, QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding Period

BID/ISSUE OPENING DATE	**MARCH 23, 2010**
BID/ISSUE CLOSING DATE	**MARCH 26, 2010**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non-Institutional

Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000 which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Manager to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the Book Running Lead Manager to the Stock Exchange within half an hour of such closure.

Our Company in consultation with the Book Running Lead Manager, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations provided that the Cap Price should not be more than 20% of the Floor Price.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Working Days after revision of Price Band subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved to fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lakhs)
SBI Capital Markets Limited 202, Maker Towers 'E', Cuffe Parade, Mumbai-400 005,	[●]	[●]

India. Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: goenkadiamond.ipo@sbicaps.com Investor Grievance ID: Investor.relations@sbicaps.com Contact Person: Mr. Apurva Kumar Website: www.sbicaps.com SEBI Registration No: INM000003531		
SBICAP Securities Limited 202, Maker Towers 'E', Cuffe Parade, Mumbai-400 005, India. Tel: +91 22 3027 3309 Fax: +91 22 3027 3402 Email: Prasad.chitnis@sbicapsec.com Contact Person: Mr. Prasad Chitnis Website: www.sbicapsec.com SEBI Registration No: BSE:INB01105303 NSE: INB231052938	[●]	[●]
SMC Global Securities Limited 11/ 6B Shanti Chamber, Pusa Road, New Delhi 110005 Tel: + 91 11 3011 1000 Fax: +91 11 2575 4365 Email: rakesh@smcindiaonline.com Contact Person: Mr. Rakesh Gupta Website: smacindiaonline.com SEBI Registration No: BSE: INB/INF/INE 011343937 NSE: INB/INF/INE 230771431	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allocation'.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriters, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The Equity Share capital of our Company, as of the date of this Red Herring Prospectus, before and after the proposed Issue, is set forth below:

(Rs. in lakhs, except share data)

		Aggregate value at nominal value	Aggregate value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**[(a)]		
	3,30,00,000 Equity Shares of Rs. 10 each	3,300.00	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE**		
	2,23,29,000 Equity Shares of Rs. 10 each	2,232.90	
C)	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**		
	Fresh Issue of 1,00,00,000 Equity Shares[(b)]	1,000.00	[●]
	Of which		
	a. QIB Portion of not more than 50,00,000 Equity Shares[(c)], of which:	500.00	[●]
	Mutual Fund Portion is 2,50,000 Equity Shares*		
	Balance for all QIBs, including Mutual Funds, is 47,50,000 Equity Shares*		
	b. Non Institutional Portion of not less than 15,00,000 Equity Shares*	150.00	[●]
	c. Retail Portion of not less than 35,00,000 Equity Shares*	350.00	[●]
D)	**PAID-UP EQUITY CAPITAL AFTER THE ISSUE**		
	3,23,29,000 Equity Shares of Rs. 10 each	3232.9	
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	Nil	
	After the Issue**	[●]	

* *Available for allocation on a proportionate basis, subject to valid Bids being received at or above the Issue Price.*
** *The securities premium account will be determined after completion of the Book Building Process and determination of the Issue Price.*

(a) The initial authorised share capital of our Company was Rs. 5,00,000 divided into 5,000 Equity Shares of Rs. 100 each.

By a shareholders resolution dated February 14, 2000, the authorised share capital of our Company was increased to Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100 each.

By a shareholders resolution dated March 21, 2008, the face value of the equity shares of Rs. 100 each of our Company was sub divided into 10 equity shares of Rs. 10 each. Further in the same resolution the authorized share capital of our Company was increased from Rs. 1,00,00,000 divided into 1,00,000 equity shares to Rs. 12,00,00,000 divided into 1,20,00,000 equity shares of Rs. 10 each.

By a shareholders resolution dated July 31, 2009, the authorized share capital of the Company was increased to Rs. 33,00,00,000 divided into 3,30,00,000 Equity Shares of Rs. 10 each.

(b) This Issue has been authorized by resolutions of our Board dated June 22, 2009 and September 6, 2009 and by a special resolution passed pursuant to Section 81(1A) of the Companies Act, at the annual general meeting of the shareholders of our Company held on July 31, 2009.

(c) 5% of the QIB Portion shall be available for allocation to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. Further, attention of all QIB Bidders is specifically drawn to the following: (a) QIB Bidders will not be allowed to withdraw their Bid cum Application Forms after 3.00 p.m. on the Bid/Issue Closing Date; and (b) each QIB Bidder, including a Mutual Fund is required to deposit a Margin Amount of at least 10% with its Bid cum Application Form. In the event of under-subscription in the Mutual Fund Portion, the unsubscribed portion would be added to the balance of the QIB Portion for allocation on a proportionate basis to the QIB Bidders.

Notes to the Capital Structure

1. Share Capital History

a) History of equity share capital of our Company

Date of allotment	Number of equity shares	Issue Price (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative number of equity shares	Cumulative share capital (Rs.)	Cumulative share premium (Rs.)
November 5, 1990	30	100	Cash	Initial subscription[1]	30	3,000	Nil
March 25, 1991	1,210	100	Cash	Further issue[2]	1,240	1,24,000	Nil
March 22, 2000	93,000	-	Bonus (1:75)	Bonus issue[3]	94,240	94,24,000	Nil
March 24, 2000	5,000	100	Cash	Further issue[4]	99,240	99,24,000	Nil
The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008, as a result 9,92,400 equity shares of face value of Rs. 10 were issued in the place of 99,240 equity shares of face value of Rs. 100.							
March 29, 2008	9,92,400	-	-	Sub-division of face value of equity shares[5]	9,92,400	99,24,000	Nil
March 29, 2008	1,09,16,400	-	Bonus (1:11)	Bonus issue[6]	1,19,08,800	11,90,88,000	Nil
September 6, 2009	1,04,20,200	-	Bonus (8:7)	Bonus issue[7]	2,23,29,000	22,32,90,000	Nil

(1) An initial allotment of 30 equity shares was made in favour of Mr. Nand Lal Goenka (10 equity shares), Mr. Shub Karan Goenka, (10 equity shares) and Mr. Man Mohan Goenka (10 equity shares).

(2) Further issue of 1,210 equity shares was made in favour of Mr. Nand Lal Goenka (620 equity shares allotted to Mr. Nand Lal Goenka, of which, 200 equity shares were held in the beneficial interest of Nand Lal Goenka-HUF, 200 equity shares held in the beneficial interest of Master Nitin Goenka, 200 equity shares held in the beneficial interest of Master Navneet Goenka and 20 equity shares held in beneficial interest of Ms. Namita Jain), Ms. Shanti Devi Goenka (10 equity shares), Ms. Nirmala Goenka (50 equity shares), Ms. Premila Goenka (50 equity shares), Mr. Shubh Karan Goenka (40 equity shares), Mr. Man Mohan Goenka (420 equity shares allotted to Mr. Man Mohan Goenka, of which, 20 equity shares held in beneficial interest of Ms. Megha Goenka, 200 equity shares held in the beneficial interest of Master Yash Goenka and 200 equity shares held in the beneficial interest of Man Mohan Goenka –HUF) and Ms. Neeta Saraf (20 equity shares). Subsequently on January 2, 1995, Mr. Shubh Karan Goenka (50 equity shares), Mr. Man Mohan Goenka (430 equity shares), Ms. Shanti Devi Goenka (10 equity shares) and Ms. Premila Goenka (50 equity shares) transferred their shares to Mr. Nand Lal Goenka.

(3) Bonus issue of 93,000 equity shares each was made in favour of Mr. Nand Lal Goenka (56,250 equity shares allotted to Mr. Nand Lal Goenka of which 15,000 was held for the beneficial interest of Nand Lal Goenka-HUF and 41,250 equity shares held in the name of Mr. Nand Lal Goenka himself), Ms. Nirmala Goenka (3,750 equity shares), Ms. Neeta Saraf(1,500 equity shares), Mr. Nitin Goenka (15,000 equity shares), Mr. Navneet Goenka (15,000 equity shares) and Ms. Namita Jain (1,500 equity shares).

(4) Further issue of 5,000 equity shares in favour of Mr. Nand Lal Goenka (2000 equity shares), Ms. Nirmala Goenka (800 equity shares), Mr. Navneet Goenka (700 equity shares) and Mr. Nitin Goenka (1,500 equity shares). Subsequently on October 17, 2001, Mr. Navneet

Goenka transferred 10 equity shares to Ms. Bhawana Goenka.

(5) Pursuant to the shareholders resolution dated March 21, 2008, the face value of the equity shares of Rs. 100 each in the capital of the Company has been sub divided into 10 equity shares of Rs. 10 each. As a result of which the equity shares allotted earlier were cancelled and 9,92,400 new equity shares of face value of Rs. 10 each were allotted.

(6) Bonus issue of 1,09,16,400 Equity Shares in favour of Mr. Nand Lal Goenka (48,18,000 Equity Shares), Nand Lal Goenka-HUF (1,672,000 Equity Shares), Ms Nirmala Goenka (506,000 Equity Shares), Ms. Neeta Saraf (167,200 Equity Shares), Mr. Navneet Goenka (1,747,900 Equity Shares), Mr. Nitin Goenka (1,837,000 Equity Shares), Ms. Namita Jain (1,67,200) and Ms. Bhawana Goenka (1,100 Equity Shares).

(7) Bonus issue of 1,04,20,200 Equity Shares in favour of Mr. Nand Lal Goenka (45,99,000 Equity Shares), Nand Lal Goenka-HUF (15,96,000 Equity Shares), Ms. Nirmala Goenka (4,83,000 Equity Shares), Ms. Neeta Saraf (875 Equity Shares), Mr. Navneet Goenka (18,27,175 Equity Shares), Mr. Nitin Goenka (19,12,225 Equity Shares), Ms. Namita Jain (875 Equity Shares) and Ms. Bhawna Goenka (1,050 Equity Shares).

2. Promoters contribution, build up and lock in

a. Details of build up of shareholding of the Promoters

Name of the Promoter	Date of allotment/transfer	No. of equity shares*	Face value of equity share (Rs.)	Issue/Acquisition price per equity share (Rs.)**	Nature of consideration	Nature of transaction
Mr. Nand Lal Goenka	November 5, 1990	10	100	100	Cash	Initial subscription
	January 2, 1995	540	100	100	Cash	Transfer (1)
	March 22, 2000	41,250	100	-	Bonus	Bonus issue
	March 24, 2000	2,000	100	100	Cash	Further issue of equity shares
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	4,38,000	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	48,18,000	10	-	Bonus	Bonus issue
	September 6, 2009	45,99,000	10	-	Bonus	Bonus Issue
Sub Total		**98,55,000**				
Mr. Navneet Goenka	March 25, 1991	200(2)	100	100	Cash	Further issue of equity shares
	March 22, 2000	15,000	100	-	Bonus	Bonus issue
	March 24, 2000	700	100	100	Cash	Further issues of equity shares
	October 17, 2001	10	100	100	Cash	Transfer(3)
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	1,58,900	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	17,47,900	10	-	Bonus	Bonus issue
	July 13, 2009	1,81,400	10	-	Transfer	Equity Shares gifted to Mr. Navneet Goenka (4)
	September 6, 2009	18,27,175	10		Bonus	Bonus Issue
Sub Total		**39,15,375**				
Mr. Nitin Goenka	March 25, 1991	200(5)	100	100	Cash	Further issue of equity shares

Name of the Promoter	Date of allotment/transfer	No. of equity shares*	Face value of equity share (Rs.)	Issue/Acquisition price per equity share (Rs.)**	Nature of consideration	Nature of transaction
	March 22, 2000	15,000	100	-	Bonus	Bonus issue
	March 24, 2000	1,500	100	100	Cash	Further issue of equity shares
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21,2008	1,67,000	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	18,37,000	10	-	Bonus	Bonus issue
	July 13, 2009	1,81,400	10		Transfer	Equity Shares gifted to Mr. Nitin Goenka (6)
	September 6, 2009	19,12,225	10		Bonus	Bonus issue
Sub total		**40,97,625**				
Total		**1,78,68,000**				

* *The equity shares were fully paid on the date of their allotment.*
** *The cost of acquisition is the total amount paid excluding the stamp duty, divided by the number of shares acquired.*

(1) *Transfer of equity shares held by Mr. Shubh Karan Goenka (50 equity shares), Mr., Man Mohan Goenka (430 equity shares), Ms. Shanti Devi Goenka (10 equity shares) and Ms. Premila Goenka (50 equity shares) to Mr. Nand Lal Goenka.*

(2) *Equity shares held by Mr. Nand Lal Goenka in the beneficial interest of Mr. Navneet Goenka as he was a minor at the time of the allotment. Mr. Navneet Goenka became a shareholder on attaining the age of majority on October 26, 1994.*

(3) *Mr. Navneet Goenka transferred 10 equity shares to Ms. Bhawna Goenka.*

(4) *Shares gifted to Mr. Navneet Goenka by Ms.Neeta Saraf and the same was approved by board resolution dated July 13, 2009.*

(5) *Equity shares held by Mr. Nand Lal Goenka in the beneficial interest of Mr. Nitin Goenka as he was a minor at the time of the allotment. Mr. Nitin Goenka became a shareholder on attaining the age of majority on July 6, 1998.*

(6) *Shares gifted to Mr. Nitin Goenka by Ms. Namita Jain and the same was approved by board resolution dated July 13, 2009.*

b. Details of build up of shareholding of Promoter Group

Name of the Promoter Group entity	Date of allotment/transfer/acquisition	No. of equity shares*	Face value of equity shares (Rs.)	Issue/ acquisition price (Rs.)**	Nature of consideration (cash, bonus, other than cash)	Nature of transaction
Nand Lal Goenka-HUF	March 25, 1991	200	100	100	Cash	Fresh issue
	March 22, 2000	15,000	100	-	Bonus	Bonus issue
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	1,52,000	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	16,72,000	10	-	Bonus	Bonus issue
	September 6, 2009	15,96,000	10	-	Bonus	Bonus issue

Name of the Promoter Group entity	Date of allotment/transfer/acquisition	No. of equity shares*	Face value of equity shares (Rs.)	Issue/ acquisition price (Rs.)**	Nature of consideration (cash, bonus, other than cash)	Nature of transaction
Sub Total		**34,20,000**				
Ms. Nirmala Goenka	March 25, 1991	50	100	100	Cash	Fresh issue
	March 22, 2000	3,750	100	100	Cash	Fresh issue
	March 24, 2000	800	100	100	Cash	Fresh issue
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	46,000	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	5,06,000	10	-	Bonus	Bonus issue
	September 6, 2009	4,83,000	10	-	Bonus	Bonus issue
Sub Total		**10,35,000**				
Ms. Neeta Saraf	March 25, 1991	20	100	100	Cash	Fresh issue
	March 22, 2000	1,500	100	100	Cash	Fresh issue
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	15,200	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	1,67,200	10	-	Bonus	Bonus issue
	July 13, 2009	(1,81,400)	10	-	Transfer	Equity Shares gifted to Mr. Navneet Goenka (1)
	September 6, 2009	875	10	-	Bonus	Bonus issue
Sub Total		**1,875**				
Ms. Namita Jain	March 25, 1991	20(2)	100	100	Cash	Fresh issue
	March 22, 2000	1,500	100	100	Cash	Fresh issue
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	15,200	10	-	-	Sub division of the face value of equity shares
	March 29, 2008	1,67,200	10	-	Bonus	Bonus issue
	July 13, 2009	(1,81,400)	10	-	Transfer	Equity Shares gifted to Mr. Nitin Goenka (3)

Name of the Promoter Group entity	Date of allotment/transfer/acquisition	No. of equity shares*	Face value of equity shares (Rs.)	Issue/ acquisition price (Rs.)**	Nature of consideration (cash, bonus, other than cash)	Nature of transaction
	September 6, 2009	875	10	-	Bonus	Bonus issue
Sub Total		**1,875**				
Ms. Bhawna Goenka	October 17, 2001	10	100	100	Cash	Transfer(4)
	The face value of the equity shares of Rs. 100 each in the share capital of our Company was sub divided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008.					
	March 21, 2008	100	10	-	-	Sub division of the face value of equity shares (4)
	March 29, 2008	1,100	10	-	Bonus	Bonus issue
	September 6, 2009	1,050	10	-	Bonus	Bonus issue
Sub Total		**2,250**				
Total		**44,61,000**				

* *The equity shares were fully paid on the date of their allotment.*

** *The cost of acquisition is the total amount paid excluding the stamp duty, divided by the number of equity shares acquired.*

1. *Shares gifted to Mr. Navneet Goenka by Ms. Neeta Saraf and the same was approved by board resolution dated July 13, 2009.*

2. *Equity shares held by Mr. Nand Lal Goenka in the beneficial interest of Ms. Namita Jain as she was a minor at the time of the allotment. Ms. Namita Jain became a shareholder on attaining the age of majority on April 17, 1992.*

3. *Shares gifted to Mr. Nitin Goenka by Ms. Namita Jain and the same was approved by board resolution dated July 13, 2009.*

4. *Mr. Navneet Goenka transferred 10 equity shares to Ms. Bhawna Goenka.*

c) Details of Promoter's contribution locked in for three years

Pursuant to the Regulation 36 (a) of ICDR Regulations, an aggregate of 20% of the post-Issue shareholding of Mr. Nand Lal Goenka, Promoter shall be locked-in for a period of three years. The details of such lock-in are given below:

Name of the Promoter	Date on which the equity shares were allotted	Face value of equity shares (Rs.)	Nature of consideration (cash, bonus, other than cash)	Nature of transaction	Issue/ acquisition Price (Rs.)	No. of Equity Shares locked-in	Percentage of pre-Issue Capital	Percentage of post-Issue Capital
Mr. Nand Lal Goenka	March 29, 2008	10	Bonus	Bonus issue	-	18,66,800	8.36	5.77
	September 6, 2009	10	Bonus	Bonus issue	-	45,99,000	20.60	14.23
Total						**64,65,800**	**28.96**	**20.00**

Mr. Nand Lal Goenka, our Promoter has by a written undertaking dated September 23, 2009, consented for 64,65,800 Equity Shares held by him, constituting 20% of the post-Issue equity share capital of our Company, to be considered as Promoters' contribution and locked-in for a period of three years from the date of Allotment.

Mr. Nand Lal Goenka, our Promoter has pursuant to his undertaking dated September 23, 2009, agreed not to sell or transfer or pledge or otherwise dispose off in any manner, the Equity Shares forming part of the Promoter's contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as 'Promoters' under the ICDR Regulations. All Equity Shares forming part of the Promoters contribution are eligible to be locked-in, in accordance with the ICDR Regulations. The Equity Shares held by the Promotes and offered for minimum of 20% Promoters contribution are not subject to any pledge.

The Equity Shares proposed to be included as part of the minimum Promoter's contribution (a) have not been acquired for consideration other than cash and issued out of revaluation assets or capitalization of intangible assets involved in such transactions; or (b) are not resulting from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from bonus issue against Equity Shares which are ineligible for promoter's contribution issued out of revaluation of assets; or (c) have not been acquired by the Promoters during preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Issue; (d) have not been acquired by the Promoters during preceding one year at a price less than the Issue Price, against funds brought in by them during that period, in case the issuer company has been formed by conversion of partnership firms, where the partners of the erstwhile partnership firm are the Promoters of the Issuer; and (e) have not been pledged with any creditor.

3. Details of share capital locked in for one year

In addition to the lock-in of the Promoter's contribution, the remaining pre-Issue equity share capital of our Company, comprising of 1,58,63,200 Equity Shares shall be locked in for a period of one year from the date of Allotment as per Regulation 36 (b) of the ICDR Regulations. The Equity Shares subject to lock-in will be transferable subject to compliance with the ICDR Regulations, as amended from time to time.

Pursuant to Regulation 40 of the ICDR Regulations, the Equity Shares held by Promoters may be transferred among the Promoters or the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

Pursuant to Regulation 39 of the ICDR Regulations, locked-in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that (i) the pledge of shares is in terms of the sanction of the loan and (ii) if the shares are locked-in as Promoter's contribution for three years, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue. For details regarding the objects of this Issue, see the section titled "Objects of the Issue" on page 36.

4. Our shareholding pattern

The table below represents the shareholding pattern of our Company, before the proposed Issue and as adjusted for this Issue:

	Pre-Issue		**Post-Issue**	
	No. of Equity Shares	**%**	**No. of Equity Shares**	**%**
A. Promoters				
Mr. Nand Lal Goenka	98,55,000	44.14	98,55,000	30.48
Mr. Navneet Goenka	39,15,375	17.53	39,15,375	12.11
Mr. Nitin Goenka	40,97,625	18.35	40,97,625	12.67
Sub-Total	1,78,68,000	**80.02**	1,78,68,000	**55.27**

	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
B. Promoter Group/Group Companies				
Nand Lal Goenka –HUF (Group Company)	34,20,000	15.32	34,20,000	10.58
Ms. Nirmala Goenka (Promoter Group)	10,35,000	4.64	10,35,000	3.20
Ms. Neeta Goenka (Promoter Group)	1,875	0.01	1,875	0.01
Ms. Namita Jain (Promoter Group)	1,875	0.01	1,875	0.01
Ms. Bhawna Goenka (Promoter Group)	2,250	0.01	2,250	0.01
Sub-Total	**44,61,000**	**19.98**	**44,61,000**	**13.80**
C. Issue to public				
	Nil	**Nil**	**100,00,000**	**30.93**
Total (A+B+C)	**2,23,29,000**	**100**	**3,23,29,000**	**100.00**

5. Except as set forth below, none of our Directors or key managerial personnel hold Equity Shares:

S. No.	Name of shareholder	Number of Equity Shares held	Pre Issue %	Post Issue %*
Director and Promoters of our Company				
1.	Mr. Nand Lal Goenka	98,55,000	44.13	30.48
2.	Mr. Navneet Goenka	39,15,375	17.53	12.11
3.	Mr. Nitin Goenka	40,97,625	18.35	12.67
	Total	**1,78,68,000**	**80.01**	**55.27**

6. Top ten shareholders

As on the date of this Red Herring Prospectus, our Company has eight shareholders. The list of the shareholders and the number of Equity Shares held by them as on indicated dates, is provided below:

(a) As on the date of filing this Red Herring Prospectus:

Sl. No.	Shareholder	No. of Equity Shares held	Pre Issue %
1.	Mr. Nand Lal Goenka	98,55,000	44.13
2.	Mr. Nitin Goenka	40,97,625	18.35
3.	Mr. Navneet Goenka	39,15,375	17.53
4.	Nand Lal Goenka –HUF	15,96,000	15.31
5.	Ms. Nirmala Goenka	10,35,000	4.63
6.	Ms. Neeta Saraf	1,875	0.01
7.	Ms. Namita Jain	1,875	0.01
8.	Ms. Bhawna Goenka	2,250	0.01
	Total	**2,23,29,000**	**100.00**

(b) As of two years prior to the filing of this Red Herring Prospectus:

Sl. No.	Shareholder	No. of Equity Shares held (Rs. 100 each)	Pre Issue %
1.	Mr. Nand Lal Goenka	59,000	59.45
2.	Mr. Navneet Goenka	15,890	16.01
3.	Mr. Nitin Goenka	16,700	16.83
4.	Ms. Nirmala Goenka	4,600	4.64
5.	Ms. Neeta Saraf	1,520	1.53
6.	Ms. Namita Jain	1,520	1.53
7.	Ms. Bhawna Goenka	10	0.01
	Total	**99,240**	**100.00**

(c) 10 days prior to filing of this Red Herring Prospectus:

Sl. No.	Shareholder	No. of Equity Shares held	Pre Issue %
1.	Mr. Nand Lal Goenka	98,55,000	44.13
2.	Nand Lal Goenka –HUF	40,97,625	18.35
3.	Mr. Navneet Goenka	39,15,375	17.53
4.	Mr. Nitin Goenka	15,96,000	15.31
5.	Ms. Nirmala Goenka	10,35,000	4.63
6.	Ms. Neeta Saraf	1,875	0.01
7.	Ms. Namita Jain	1,875	0.01
8.	Ms. Bhawana Goenka	2,250	0.01
	Total	**2,23,29,000**	**100.00**

7. Our Company, our Directors, our Promoters, our Promoter Group entities, their respective directors and the Book Running Lead Manager have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.

8. Our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of this Red Herring Prospectus.

9. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or the Company shall not enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of the Company or any securities convertible into or exercisable as or exchangeable for Equity Shares of the Company, or make rights issue or issue securities in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.

10. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares is eight.

11. Our Company has not raised any bridge loans against the Net Proceeds.

12. Our Company has not issued any Equity Shares out of its revaluation reserves.

13. Except as stated in the section of "Capital Structure- Notes to Capital Structure- Note 1(a)" at page 27, our Company has not issued any Equity Shares for consideration other than cash.

14. Other than as stated in the section "Capital Structure- Notes to Capital Structure- Note 1(a)" at page 27, our Company has not made any issue of Equity Shares during the preceding one year from the date of the Red Herring Prospectus.

15. Our Company does not have any scheme of employee stock option or employee stock purchase.

16. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

17. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus.

18. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

19. Our Company does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether preferential or otherwise, except if the Company plans to enter into acquisitions, joint ventures or strategic alliance in he future, the Company subject to necessary approvals may consider raising additional capital to fund such activity or use Equity

Shares as currency for participation in acquisition, investment, joint ventures or alliance.

20. There are certain restrictive covenants in relation to the issuance of Equity Shares in the facility agreements entered into by our Company with certain lenders. Further State Bank of India vide its letter dated September 15, 2009, Punjab and Sindh Bank vide its letter dated September 15, 2009, UCO Bank vide its letter dated September 11, 2009 and Punjab National Bank vide its letter dated September 14, 2009 has consented to the Issue. For details, see the section titled "Financial Indebtedness" on page 139.

21. The members of our Promoter Group/directors of our Company have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI. For details refer to section titled "Capital Structure- Promoters contribution, build up and lock in" on page 28.

22. The members of our Promoter Group/directors of our Company have not entered into any financial arrangements to finance purchase of securities of our Company during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI.

23. Our Promoters will not participate in this Issue.

24. This Issue is being made through the 100% Book Building Process, wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.

25. Under-subscription, if any, in any category of investors would be met with spill over from other categories at the sole discretion of our Company in consultation with the Book Running Lead Manager.

26. Any oversubscription to the extent of 10% of this Issue can be retained for the purpose of rounding off while finalising the 'Basis of Allocation'. Consequently, the Allotment may increase by a maximum of 10% of this Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoter's contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked in.

27. An investor cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

28. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no allotment shall be made.

29. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

OBJECTS OF THE ISSUE

The objects of this Issue are to (a) meet the expenses of establishing stores for our *G WILD* brand ("***G WILD* Stores**"); (b) meet the expenses of establishing stores for our *CERES* brand ("***CERES* Stores**"); (c) meet working capital requirements for our retail jewellery business; (d) meet the expenses of establishing a jewellery manufacturing facility in Mumbai; (e) meet the expenses of establishing a diamond processing facility in Mumbai; and (f) further invest in the equity capital of our Subsidiary. We believe that listing will enhance our brand name and create a public market for our Equity Shares in India.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

After deducting the Issue related expenses, we intend to utilize the net proceeds of the Issue which is estimated at Rs. [●] ("**Net Proceeds**") for financing the above mentioned objects. The details of the utilization of Net Proceeds will be as per the table set forth below:

S. No.	Particulars of expenditure	Amount (Rs. in lakhs)
1.	Establishment of *G WILD* Stores	516.72
2.	Establishment of *CERES* Stores	213.02
3.	Working capital requirement for jewellery business	8,459.96
4.	Establishment of jewellery manufacturing facility	384.36
5.	Establishment of diamond processing facility	329.23
6.	Investment in our Subsidiary	2,500.00
7.	General corporate purposes	[●]
8.	Issue expenses	[●]
	Total	[●]

Our fund requirements and deployment thereof are based on the estimates of our management and have not been appraised by any bank or financial institution or independent third party entity. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. See "Risk Factors" on page xiv – ***"Our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been independently appraised"*** and ***"We have not entered into any definitive agreements to utilise a substantial portion of the Net Proceeds"***.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue, subject to applicable law. If surplus funds are unavailable, the required financing will be through our internal accruals and/or additional debt. The entire requirement of funds as set out above will be met through the Net Proceeds. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

I. Establishment of *G WILD* Stores

As part of our strategy to expand our retail presence, we intend to establish a number of *G WILD* Stores in various parts of India. We propose to deploy Rs. 516.72 lakhs, from the Net Proceeds for establishing 17 *G WILD* Stores in 17 cities by Fiscal 2012. All the proposed *G WILD* stores will be operated by our Company and the premises for the stores will be taken on lease. The list of cities where *G WILD* stores shall be launched and the year of roll out is as set out below:

Cities	Year of roll out
Bangalore, Amritsar, Chandigarh, Kolkata, Pune, Delhi, Gurgaon, Kanpur, Indore, Ahmedabad, Nagpur and Hyderbad	Fiscal 2011
Chennai, Kochi, Guwahati, Goa, Jaipur	Fiscal 2012

Estimated cost of establishment and deployment of funds

The following are the details of the *G WILD* Stores, the estimated costs for establishment and proposed schedule of deployment of funds:

Fiscal	Number of Stores	Costs (Rs. in lakhs)	Utilisation (Rs. in lakhs)
2011	12	364.74	364.74
2012	5	151.98	151.98
Total	**17**	**516.72**	**516.72**

The detailed break up of costs for establishment of a single *G WILD* Store is given below:

Serial No	Details of expenditure	*Estimated costs (Rs. in lakhs)
1.	Civil work (inclusive of labour and material)	7.25
2.	Furniture, fixtures & furnishing (inclusive of labour and material)	12.71
3.	Electrical installations	1.90
4.	Painting, polishing & furnishing	2.10
5.	Air conditioners	1.50
6.	Computer, security systems & other equipments	2.69
7.	Professional fees & other costs	2.25
	Total	**30.40**

**as per the quotation given by M/s Prasanna Pandit & Associate, Architect dated February 5, 2010*

II. Establishment of *CERES* Stores

As part of our strategy to expand our retail presence and to target the high end customers, we intend to open two *CERES* Stores. We propose to deploy Rs. 213.02 lakhs, from the Net Proceeds for establishing *CERES* Store in Kolkata and Delhi in Fiscal 2011. The entire cost of establishment of the *CERES* Stores shall be met out of the Net Proceeds. All the proposed *CERES* stores will be operated by our Company and the premises for the stores will be taken on lease.

Estimated cost of establishment and deployment of funds

The following are the details of the *CERES* Stores, the estimated costs for establishment and proposed schedule of deployment of funds:

Fiscal	Number of Stores	Costs (Rs. in lakhs)	Utilisation (Rs. in lakhs)
2011	2	213.02	213.02
Total	**2**	**213.02**	**213.02**

The detailed break up of costs for establishment of a single *CERES* Store is given below:

Serial No	Particulars	*Estimated costs (Rs. in lakhs)
1.	Civil work (inclusive of labour & material)	22.00
2.	Furniture, fixtures & furnishing (inclusive of labour & material)	39.00
3.	Electrical installations	18.75
4.	Painting, polishing & furnishing	6.25
5.	Air conditioners	4.00
5.	Computer, security systems & other equipments	8.51
6.	Professional fees and other costs	8.00

	Total		106.51

** as per the quotation given by M/s Prasanna Pandit & Associate, Architect dated February 6, 2010*

Methodology for computation of estimated cost of establishment of G WILD Stores and CERES Stores

The estimated cost for establishment of the *G WILD* Stores and *CERES* Stores primarily comprises of expenditures on interior designing, display racks, purchase of computers, installation of electrical and air-conditioning equipment, and other equipment. Since these equipments are standard in nature, the estimated costs remain largely the same for similar sized same brand stores, irrespective of the location of the store.

The cost of establishment of *CERES* store is significantly higher than that of *G WILD* store. *CERES* stores cater to high end customers and our Company shall incur higher cost for establishing *CERES* store as these stores are larger than *G WILD* stores. Additional expenditure would be incurred on the luxurious internal décor higher in comparison to *G WILD* stores.

The total estimated cost of establishing 17 *G WILD* Stores and 2 *CERES* Stores is Rs. 516.72 lakhs and Rs. 213.02 lakhs, respectively.

III. Working capital requirement for retail jewellery business

We plan to open 17 *G WILD* and 2 *CERES* stores by Fiscal 2012. We are also planning to establish one jewellery manufacturing unit and one diamond processing unit in Mumbai in Fiscal 2011. We need additional working capital in line with our expanding operations. Our working capital consists primarily of raw materials, work in progress inventory, finished goods inventory and sundry debtors. We established our first *G WILD* store in July 2008 and first *CERES* store in April 2009. With the launch of our retail stores, we will have to maintain high inventory of jewellery pieces of various types at our stores. Our *G WILD* branded jewellery ranges from Rs. 0.10 lakhs to Rs. 5 lakhs and our *CERES* branded jewellery ranges from Rs. 5 lakhs to several crores. Our working capital requirement would increase substantially as we open new stores. Based on our growth plans as detailed above, we have assessed our additional working capital requirement for Fiscal 2011 and Fiscal 2012 to be Rs. 8,459.96 lakhs.

As per the letter dated March 08, 2010, issued by Agrawal Shukla and Co., Chartered Accountants (Firm Registration Number 326151E), the Company's estimated net current assets and working capital ratios or its retail jewellery business for Fiscal 2011 and Fiscal 2012 is as follows:

Current Assets		Holding Levels Days	Audited	Holding Levels Days	Projected		
			April-Dec2009		Fiscal 2010	Fiscal 2011	Fiscal 2012
Raw Materials & WIP		91	1,338.46	30	275.48	1,367.33	1,211.36
Finished Goods Inventory	*G-Wild*	224	793.24	184	748.47	3,511.13	4,902.68
	CERES	174	2,173.01	232	2,553.65	7,999.75	8,443.32
Sundry Debtors trade		39	562.19	12	426.61	451.96	720.94
Total Current Assts		(A)	4,866.91		4,004.21	13,330.17	15,278.30
Current Liabilities							
Trade Creditors & Other Creditors*		195	2,073.13	90	644.78	4,294.96	3,458.91
Total Current Liabilities		**(B)**	**2,073.13**		**644.78**	**4,294.96**	**3,458.91**
Net Working Capital Gap		**(A)-(B)**	**2,793.78**		**3,359.43**	**9,035.22**	**11,819.39**
From Internal Accrual			2,793.78		3,359.43	-	-
From Bank Financing			-		-	-	-
Incremental Working Capital			-			5,675.79	2,784.18

Total Working Capital Requirement					8,459.96

** Dec 31, 2009 numbers are based on management estimates as the exact number is not calculable*

Assumptions

- The working capital estimates are based on the assumption that we open 17 *G WILD* stores, 15 in Fiscal 2011and 5 in Fiscal 2012 and 2 Ceres stores by Fiscal 2011.
- The following holding periods have been estimated by the management based on existing operations of our retail jewellery business.

	Holding Period
Raw Material & WIP Period	1 month consumptions of raw materials
Average Debtor Period	12 Days
Average Creditors Period	90 Days
Finished Goods Inventory	184 days of inventory in case of *G WILD* and 232 days of inventory in case of *CERES*

The holding periods for the nine month period ending December 31, 2009 is not entirely comparable with the estimated Fiscal 2010, Fiscal 2011 and Fiscal 2012 as the audited numbers are based on 9 month data. Further, the full year holding periods i.e. for Fiscal 2009 are not comparable as our Company was in the process of roll out of *G WILD* stores and the *CERES* store was not operational during the period.

Our existing working capital requirements for diamond business are financed from working capital loans and internal accruals. Our existing working capital requirements for jewellery business are financed from our internal accruals. We do not get any bank financing for our jewellery operations.

IV. Establishment of jewellery manufacturing facility

As part of our plans of increasing capacity in the diamond business, we intend to set up a jewellery manufacturing facility in Mumbai. We propose to deploy Rs. 314.67 lakhs out of the Net Proceeds for setting up this facility which shall be fully utilised in Fiscal 2011.

Given below is an estimated break-up of the amounts to be utilized for establishment of jewellery manufacturing facility:

Particulars	*Costs (Rs. in lakhs)	Utilisation in Fiscal 2011 (Rs. in lakhs)
Casting department	48.12	48.12
Plating department	5.11	5.11
Polishing department	50.10	50.10
Other machinery	76.75	76.75
Furniture & other set-up equipments	149.15	149.15
Total	**329.23**	**329.23**

**as per quotation given by Micro Ultrasonic, Mumbai dated February 27, 2010 and Nimish Choksi, Architect Interior Designer dated March 6, 2010.*

V. Establishment of diamond processing facility

As part of our expansion plans, we intend to set up a diamond processing facility in Mumbai. We propose to deploy Rs. 383.98 lakhs out of the Net Proceeds for setting up this facility which shall be fully utilised in Fiscal 2011.

Given below is an estimated break-up of the amounts to be utilized for establishment of diamond processing facility:

Particulars	Number	Costs	Utilisation in Fiscal 2011 (Rs. in lakhs)
Sarin machine- software*	3	60.37	60.37
Sarin machine-hardware*	3	23.44	23.44
Auto bruter module**	15	42.85	42.85
Automatic polishing mill**	150	115.58	115.58
Bootom Tang***	150	21.09	21.09
Top Tang***	150	24.47	24.47
Diode laser machine****	2	38.41	38.41
Diamond measurement system****	2	39.65	39.65
Furniture fixtures*****	1	18.50	18.50
Total		**384.36**	**384.36**

**as per quotation given by Sarin Tech Limited, Israel dated March 01, 2010*
***as per quotation given by Lexus SofteMac, Surat, India dated February 27, 2010*
**** as per quotation bearing no 93/2010-11 given by Bettonville Diamon Tools (I)Pvt Ltd, Mumbai, India*
*****as per quotation given by Shanjanand Technologies (P) Limited, Surat dated February 10, 2010*
****** as per quotation given by M/s Prasanna Pandit, Architect dated February 6, 2010*

VI. Investment in our Subsidiary – M.B. Diamonds LLC

As part of our strategy to source raw materials from low cost locations, we plan to increase our sourcing from Russia. Our Subsidiary benefits from the Russian policy which gives preference to local companies for auction by the state entities of rough diamonds at favourable prices. Our Subsidiary participates in state auctions for purchasing rough diamonds and process majority of the procured diamonds as required under the aforementioned Russian policies. Our Subsidiary sells the entire processed diamond lot and rough diamonds to our Company. As such, we are able to procure rough diamonds through our Subsidiary at lower rates. Going forward, we plan to increase our sourcing from Russia. In furtherance of our strategy, we propose to make further investments in our Subsidiary by way of equity capital. We propose to invest Rs. 2,500 lakhs out of the Net Proceeds in our Subsidiary. However, we are not assured of any dividends from the investment made in the equity of the Subsidiary.

Equity shareholding of M.B. Diamonds LLC as on February 28, 2010

Name of the shareholders	No. of equity shares	% shareholding
Goenka Diamonds and Jewels Limited	9,500	95.00
Mr. Neeraj Jain	500	5.00
Total	**10,000**	**100.00**

Financial performance of MB Diamonds LLC

The audited financial results of MB Diamonds LLC for the last two years are as follows:

(Rs. lakhs except for share data)

	December 31, 2008	December 31, 2009
Sales and other income	506.61	439.73
Profit/(Loss) after tax	(33.25)	4.75
Equity capital	0.17	0.17
Preference share capital	00.00	00.00
Earnings per share (Rs.)	(332.48)	47.53
Book value per equity share (Rs.)	(414.80)	(330.56)
Reserves and Surplus	(41.65)	(33.22)

Our Subsidiary proposes to use the equity investment of Rs. 2,500 lakhs for meeting its working capital requirement as per the break up given below:

Estimates of working capital

As per the letter dated March 8, 2010, issued by Agrawal Shukla and Co., Chartered Accountants (Firm Registration Number 326151E), the Subsidiary's estimated net current assets and working capital ratios for Fiscal 2011.

Particulars	Holding level (in Days)	Fiscal 2011 (Rs. in lakhs)
Current Assets		
Rough diamond inventory	104	1,450
Finished goods inventory	30	525
Sundry debtors	25	460
Total Current Assets (A)		2,500
Current Liabilities		
Sundry creditors	NIL	NIL
Total Current Liabilities (B)		
Net Working Capital (A) – (B)		2,500
Working Capital Required		2,500

All the procurements of our Subsidiary from Russian state entities are on upfront payment basis hence there are no sundry creditors.

Assumptions

- Our Subsidiary's current operations are not significant and hence past performance cannot be used to project future working capital requirements
- The Subsidiary would be procuring rough diamonds from tenders submitted in state auctions and selling the finished product to the holding
- The following holding periods have been estimated by the management

	Holding Period
Raw Material & WIP Period	104 days
Average Debtor Period	25 Days
Average Creditors Period	Nil
Finished Goods Inventory	30 days

VII. General Corporate Purpose

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in using the remaining Net Proceeds for general corporate purposes, including strengthening of our marketing capabilities and brand building exercises. In accordance with the policies of the Board, the management of the Company will have flexibility in utilizing Issue proceeds earmarked for general corporate purposes.

Means of Finance

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of the ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, and/or seeking additional debt from existing and or other lenders.

Issue Related Expenses

The Issue related expenses among others include, lead management and selling commission, printing and distribution expenses, legal fees, advertisement expenses and registrar, depository fees and other fees. The estimated Issue expenses are as follows:

Activity	Expenses (Rs. in lakhs)	As a % of Issue size
Lead management fee, underwriting and selling commissions and SCSBs' commission	[●]	[●]
Advertising and marketing expenses	[●]	[●]
Printing and stationery	[●]	[●]
IPO grading expenses	[●]	[●]
Others (Fees to the Registrar to the Issue, legal fees, listing fee, etc.)	[●]	[●]
Total estimated Issue expenses	[●]	[●]

Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration. Such investments would be in accordance with investment policies approved by our Board from time to time.

Bridge Loan

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

Monitoring Utilization of Funds

As the size of the Issue will not exceed Rs. 50,000 lakhs, the appointment of Monitoring Agency would not be required as per Regulation 16 of the ICDR Regulations. Our Board will monitor the utilization of the proceeds of the Issue.Our Company will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statement specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular, Clause 49 of the Listing Agreement. The statement shall be certified by our Statutory Auditors. Further, in terms of clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under clause 41 of the Listing Agreement and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of clause 49 of the Listing Agreement.

No part of the proceeds from the Issue will be paid by our Company as consideration to our Promoters, our Directors, Promoter Group entities and key managerial employees, except in the normal course of our business.

BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by the Company, in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should review the entire Red Herring Prospectus, including the sections "Risk Factors", "Industry Overview", "Our Business" and "Financial Statements" on pages x, 54, 66 and 119, respectively, of the Red Herring Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

The key competitive strengths of the company include the following:

- Integrated player with presence across the value chain
- Promoter experience of over four decades in the Gems & Jewellery industry
- Expertise in processing larger sized stones
- Well diversified customer base

For detailed discussion on the above factors, see the section "Our Business" on page 67 of the Red Herring Prospectus.

Quantitative Factors

The information presented in this section for the nine months period ended December 31, 2009 and fiscal years ended March 31, 2007, 2008 and 2009 is derived from our unconsolidated audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate the Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. Weighted average Earnings Per Share ("EPS")

Financial Period	Basic & Diluted EPS (Rs.)	Weight
Year ended March 31, 2007	1.21	1
Year ended March 31, 2008	5.55	2
Year ended March 31, 2009	12.27	3
Weighted Average	**8.19**	
Nine month period ending December 31, 2009	14.91	

EPS has been calculated by dividing the net profit after tax, as restated, attributable to equity shareholders by the weighted average number of Equity Shares outstanding as on the date.

2. Price Earnings Ratio ("P/E Ratio") in relation to the Issue price of Rs. [●] per share

a. P/E based on Basic and Diluted EPS (Standalone) for the year ended March 31, 2009: [●] times

b. Peer group P/E[1]

(i) Highest: 69.3 times
(ii) Lowest: 0.7 times
(iii) Peer group average: 22.4 times

[1] Source: Capital Markets Online (accessed on March 10, 2010)

3. *Return on Net Worth (RoNW)*

Financial Period	RoNW (%)	Weight
Year ended March 31, 2007	8.74	1
Year ended March 31, 2008	28.80	2
Year ended March 31, 2009	38.96	3
Weighted Average	**30.54**	
Nine month period ending December 31, 2009	32.50	

RoNW has been calculated by dividing net profit after tax, as restated, by the Net Worth as restated at the end of the year.

4. *Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS*

The minimum return on Total Net Worth after Issue required to maintain pre-Issue Basic EPS for the year ended March 31, 2009 is [●] and for the period ending December 31, 2009 is [●].

5. *Net Asset Value ("NAV") on a Standalone Basis*

(a) NAV per Equity Share as of March 31, 2009 was Rs. 31.50 and as of December 31, 2009 is 45.86.
(b) NAV per Equity Share after the Issue is Rs.[●].
(c) Issue Price per Equity Share is Rs.[●].
(d) NAV per Equity Share for the years ended March 31, 2007, 2008 and 2009 and for the nine month period ending December 31, 2009 is as follows:

Financial Period	Net Asset Value per Equity Share (Rs.)	Weight
Year ended March 31, 2007	13.80	1
Year ended March 31, 2008	19.29	2
Year ended March 31, 2009	31.50	3
Weighted Average	**24.48**	
Nine month period ending December 31, 2009	45.86	

NAV has been calculated by dividing the net worth, as restated, by the number of Equity Shares outstanding at the end of the year.

6. *Comparison with Industry Peers*

Based on the nature of the business interests of the Company, the comparison of its accounting ratios with its closest comparable listed competitors in India is given below:

	EPS as of March 31, 2009 (Rs.)	P/E (times)	Return on Net Worth (%)	Net Asset Value per Equity Share (Rs.)
Goenka Diamond And Jewels Limited	12.27	[●]	38.96	31.50
Peer Group(1)				
Asian Star Co.	16.60	64.50	5.84	299.90
Renaissance Jewellery Limited	10.50	7.20	10.68	111.10
Shrenuj & Co.	1.90	20.90	6.37	28.60

Gitanjali Gems Limited	14.60	8.20	6.78	226.10
Titan Industries	35.90	50.70	32.20	124.20
Peer Group Average		30.30	12.37	

1) *Source: Capital Markets Online (accessed on March 10, 2010)*
* The face value of the equity shares is Rs. 10.

All data for peer group companies are for full fiscal 2009; the P/E is based on fiscal year 2009 earnings; EPS is based on net profit reduced by preference dividend and dividend tax, divided by number of equity shares.

The Issue Price of Rs. [●] per equity share is [●] of the face vaue of Rs. 10 per equity share. The Issue Price has been determined by the Company in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further details, please see the section “Risk Factors” on page x of the Red Herring Prospectus and the section “Financial Statements” including important profitability and return ratios, as set out in the Auditor’s report stated on page F-1 of the Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Goenka Diamond and Jewels Limited
401, Panchratna, MSB ka Rasta,
Johari Bazar,
Jaipur – 302 003

Dear Sirs,

We hereby report that the enclosed annexure states the possible direct tax benefits available to **Goenka Diamond and Jewels Limited** (the **"Company"**) and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Unless otherwise specified, sections referred to below are sections of the Income-tax Act, 1961 ("the Act"). The income tax rates referred here are the existing tax rates based on the rates prescribed in the Finance (No. 2) Act, 2009 for the Financial Year 2009-10. All the provisions set out below are subject to conditions specified in the respective sections.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its shareholders will continue to obtain these benefits in future; or

ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For B. Khosla & Co.	**For Haribhakti & Co.**
Chartered Accountants	*Chartered Accountants*
Sandeep Mundra	**Rakesh Rathi**
Partner	Partner
Membership No. 75482	Membership No. 45228

Place: Mumbai

Date: 6th March, 2010

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE ISSUER COMPANYAND ITS SHAREHOLDERS

TO THE COMPANY

SPECIAL TAX BENEFITS

1) **Deduction under Section 10AA**

   The Company is eligible, subject to the prescribed conditions, deduction of 100% of the profits and gains derived from export of goods from its unit at Surat SEZ for the first five consecutive assessment years and 50% of such profits and gains for the next five consecutive assessment years beginning from the year in which the unit begins to manufacture or produce the goods. The Company is also eligible for deduction of such profits and gains for the next five consecutive assessment years of so much of the amount, not exceeding fifty percent of the profits and gains of respective year, as is credited to "Special Economic Zone Re-investment Reserve Account" to be utilized for the purposes of business of the Company as may be prescribed.
   The Company has started manufacturing goods at its Surat SEZ from financial year 2006 - 2007 and is eligible for deduction under Section 10AA accordingly.

GENERAL TAX BENEFITS

1) In accordance with section 10(34), dividend income (referred to in Section 115-O) declared, distributed or paid will be exempt from tax.

2) From assessment year beginning 1st April, 2010 the amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.

3) In case of loss under the head ''Profit and Gains from Business or Profession'', it can be set-off with other income and the excess loss after set-off can be carried forward for set-off – against business income of the next eight Assessment Years.

4) The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward for set-off with the income of future years.

5) From assessment year beginning 1st April, 2010 in accordance with the provisions of Section 35(2AB), the Company is eligible for weighted deduction of 150% of expenditure incurred on scientific research (excluding cost of any land or building) or in house research and development facility if the same is approved by the prescribed authority.

6) If the company invests in the equity shares of another company or in the units of an equity oriented mutual fund specified under clause 10(23D), as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

7) Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the IT Act.

8) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of 20 per cent plus applicable surcharge and cess of the capital gains as computed after indexation of the cost; or 10 per cent of the capital gains as computed without indexation.

9) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

10) Tax on distributed profits of domestic companies.

    The tax rate is 15%, the surcharge on Income tax is at 10% and the education cess is 3%.

11) While calculating dividend distribution tax as per provisions of Section 115-O, a reduction shall be allowed in respect of the dividend received by a domestic company from a subsidiary company during the financial year provided the subsidiary company has paid tax on such dividend and the domestic company is not a subsidiary of any other company. It is further provided that same amount of dividend shall not be taken into account for reduction more than once. For this purpose a company shall be subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of another company.

TO THE SHAREHOLDERS

SPECIAL TAX BENEFITS

Nil

GENERAL TAX BENEFITS

Residents

1) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.

2) Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.

3) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax including equity shares under this issue which is subject to securities transaction tax at the time of sale.

4) As per the provision of Section 71, if there is a loss under the head "Capital Gains", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain.

5) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of 20 per cent plus applicable surcharge and cess of the capital gains as computed after indexation of the cost; or 10 per cent of the capital gains as computed without indexation.

6) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

7) In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which securities transaction tax is not payable, the tax payable on the capital gains

shall be exempt from tax if the gains, not exceeding Rs. 50 lacs are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI).

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available, if the individual or Hindu Undivided Family-

    - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

    - purchases another residential house within a period of one year after the date of transfer of the shares; or

    - constructs another residential house within a period of three years after the date of transfer of the shares; and

    - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from House Property".

    If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

    If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

9) For persons carrying on business or profession in shares and securities, securities transaction tax paid in respect of taxable securities transaction entered during the course of business will be available as deduction under section 36(1)(xv) of the Income Tax Act while computing the taxable business income.

Non-Residents

1) In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.

2) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

3) In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.

4) As per the provisions of Section 90 of the Income Tax Act, 1961, the provisions of Income Tax Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial.

5) In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be at the rate of 20% plus applicable surcharge and cess. A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.

6) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

7) In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which securities transaction tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains, not exceeding Rs. 50 lacs are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI).

   If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

   If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available, if the individual or Hindu Undivided Family-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

   - purchases another residential house within a period of one year after the date of transfer of the shares; or

   - constructs another residential house within a period of three years after the date of transfer of the shares; and

   - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from House Property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

Non-Resident Indians

1) A Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, which reads as under:

   In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% plus cess. Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C (f) of the Act), shall be chargeable at 10% plus cess.

   In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.

   In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.

   In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.

2) As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.

3) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

4) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.

5) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

6) In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which securities transaction tax is not payable, the tax payable on the capital gains

shall be exempt from tax if the gains, not exceeding Rs. 50 lacs, are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI).

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

7) In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available, if the individual or Hindu Undivided Family-

   - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

   - purchases another residential house within a period of one year after the date of transfer of the shares; or

   - constructs another residential house within a period of three years after the date of transfer of the shares; and

   - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from House Property".

   If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

   If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

Foreign Institutional Investors (FIIs)

1) In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).

2) In accordance with section 115AD, FIIs will be taxed at 10% plus applicable surcharge and cess on long-term capital gains, if securities transaction tax is not payable on the transfer of the shares and at 15% plus applicable surcharge and cess on short-term capital gains arising on the sale of the shares of the Company which is subject to securities transaction tax.

3) As per the provision of Section 90 of the Income Tax Act, 1961, the provision of Income Tax Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

4) In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

5) Under section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

6) In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company on which securities transaction tax is not payable, shall be exempt from tax if the gains, not exceeding Rs. 50 lacs, are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI).

   If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

   If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

7) In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company and such transaction is chargeable to securities transaction tax, the tax payable on the total income shall be the aggregate of the amount of income-tax calculated on such short term capital gains at the rate of 15% and the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income.

Mutual Funds

1) In accordance with section 10(23D), any income of a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under and that of such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

Under the Wealth Tax and Gift Tax Acts

1) 'Asset' as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, these are not liable to wealth-tax.

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift-tax.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government of India and its various ministries, industry websites/publications and company estimates. Industry websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies.

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Global Economy Overview

The global economy is beginning to pull out of a recession unprecedented in the post–World War II era, but stabilization is uneven and the recovery is expected to be sluggish. Economic growth during 2009–10 is now projected to be 2.5 percent in 2010. Financial conditions have improved more than expected, owing mainly to public intervention, and recent data suggest that the rate of decline in economic activity is moderating, although to varying degrees among regions. Despite these positive signs, the global recession is not over, and the recovery is still expected to be slow, as financial systems remain impaired, support from public policies will gradually diminish, and households in countries that suffered asset price busts will rebuild savings. The main policy priority remains restoring financial sector health. Macroeconomic policies need to stay supportive, while preparing the ground for an orderly unwinding of extraordinary levels of public intervention. At the same time, given weak internal demand prospects in a number of current account deficit countries, including the United States, policies need to sustain stronger demand in key surplus countries.

GDP in the advanced economies is projected to decline by 3.8 percent in 2009 before growing by 0.6 percent in 2010. The growth in 2010 would fall short of potential until late in the year, implying continuing increases in unemployment.

- In the United States, high-frequency indicators point to a diminishing rate of deterioration, including in the labour and housing markets. Industrial production may be close to bottoming out; the inventory cycle is turning; and business and consumer confidence has improved. These developments are consistent with stabilization of output during the second half of 2009 and with a gradual recovery emerging in 2010.

- In the Euro area, consumer and business survey indicators have been recovering but data on real activity show few signs of stabilization and thus activity is projected to strengthen more slowly than elsewhere. Macroeconomic policies are providing support but much of the adjustment in the labour market still lies ahead. Rising unemployment will weigh on consumption and activity, as will the economy's heavy dependence on a still-ailing banking sector.

Emerging and developing economies are projected to regain growth momentum during the second half of 2009, albeit with notable regional differences. Low-income countries are facing important challenges of their own because official aid has fallen and these economies are particularly vulnerable to swings in commodity prices.

- Growth projections in emerging Asia are expected at 5.5 percent in 2009 and 7.0 percent in 2010. These are supported by improved prospects in China and India, in part reflecting substantial macroeconomic stimulus; and a faster-than-expected turnaround in capital flows. However, the recent acceleration in growth is likely to peter out unless there is a recovery in advanced economies.

- Latin America growth is expected to be hit in 2009 by the global trade slowdown. However, the region is benefiting from rising commodity prices thus increasing growth in 2010.

Source: International Monetary Fund; text available at
http://www.imf.org/external/pubs/ft/weo/2009/update/02/index.htm

Table 1: Economic Growth Data

Calendar Year Data	2007	2008	2009	2010
GDP Data (at constant prices) (YoY Growth %)				
World	5.1%	3.1%	-1.4%	2.5%
Advanced economies	2.7%	0.8%	-3.8%	0.6%
Emerging and developing economies	8.3%	6.0%	1.5%	4.7%
United States	2.0%	1.1%	-2.6%	0.8%
Euro Area	2.7%	0.8%	-4.8%	-0.3%
Newly industrialized Asian economies	5.7%	1.5%	-5.2%	1.4%
Russia	8.1%	5.6%	-6.5%	1.5%
China	13.0%	9.0%	7.5%	8.5%
India	9.4%	7.3%	5.4%	6.5%
ASEAN – 5*	6.3%	4.8%	-0.3%	3.7%
Brazil	5.7%	5.1%	-1.3%	2.5%
Trade volume (goods and services) (YoY Growth %)				
World	7.2%	2.9%	-12.2%	1.0%
Import volume (goods and services) (YoY Growth %)				
Advanced economies	4.7%	0.4%	-13.6%	0.6%
Emerging and developing economies	13.8%	9.4%	-9.6%	0.8%
Export volume (goods and services) (YoY Growth %)				
Advanced economies	6.2%	2.0%	-15.0%	1.3%
Emerging and developing economies	9.5%	4.1%	-6.5%	1.4%

** Includes Indonesia, Malaysia, Philippines, Thailand, and Vietnam*
Source: IMF - World Economic Outlook, July 2009

Indian Economy Overview

The subprime crisis, which emerged in the US housing mortgage market in the second half of 2007, snowballed into a global financial crisis and a global economic crisis. The global financial landscape changed significantly during the course of 2008-09 wherein several large international financial institutions either failed or were restructured, with the support of very large government interventions in many countries, to prevent imminent collapse. The significant deterioration in global financial conditions since mid-September 2008, led to severe disruptions in the short-term funding markets, widening of risk spreads, sharp fall in equity prices and inactivity in the markets for asset-backed securities.
Source: Reserve Bank of India; text available at -
http://www.rbi.org.in/scripts/PublicationsView.aspx?Id=11348

Given the origin and dimension of the crisis in the advanced countries, which some have called the worst since the Great Depression; every developing country has suffered to a varying degree. No country, including India, remained immune to the global economic shock. The overall growth of the GDP at factor cost at constant prices in 2008-09, as per revised estimates released by the Central Statistical Organisation (CSO) was 6.7 per cent. This is lower than the 7 per cent projection in the Mid-Year Review 2008-09 (Economic

Division, Department of Economic Affairs (DEA) and the advance estimate of 7.1 per cent, released subsequently by CSO. This represented a decline of 2.1 per cent from the average growth rate of 8.8 per cent in the previous five years (2003-04 to 2007-08). The deceleration of growth in 2008-09 was spread across almost all the sectors as indicated in Table 1
Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – http://indiabudget.nic.in/es2008-09/chapt2009/chap12.pdf

Table 2: Growth rate at factor cost at 1999-2000 prices (per cent)

Sector	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Agriculture, forestry & fishing	10.0	-	5.8	4.0	4.9	1.6
Mining & quarrying	3.1	8.2	4.9	8.8	3.3	3.6
Manufacturing	6.6	8.7	9.1	11.8	8.2	2.4
Electricity, gas & water supply	4.8	7.9	5.1	5.3	5.3	3.4
Construction	12.0	16.1	16.2	11.8	10.1	7.2
Trade, hotels & restaurants	10.1	7.7	10.3	10.4	10.1	*
Transport, storage & communication	15.3	15.6	14.9	16.3	15.5	*
Financing, insurance, real estate & business services	5.6	8.7	11.4	13.8	11.7	7.8
Community, social & personal services	5.4	6.8	7.1	5.7	6.8	13.1
Total GDP at factor cost	**8.5**	**7.5**	**9.5**	**9.7**	**9.0**	**6.7**

** Trade, hotels & restaurants and Transport & communication grew at 9 per cent, 2008-09*
Source: Central Statistical Organisation

The contribution of private consumption to aggregate growth declined dramatically from 53.8 per cent in 2007-08 to 27 per cent in 2008-09. This decrease was cushioned by an increase in the contribution to growth by government consumption expenditure from a level of 8 per cent in 2007-08 to a level of 32.5 per cent in 2008-09. Consequently the overall contribution of consumption demand to growth was only marginally lower than that in 2007-08. This helped cushion the fall in economic growth on account of the worsening of the external trade account. The share of private consumption in GDP at market prices has been on a declining trend during 2002-03 to 2008-09. It stood at 63.7 per cent in 2002-03 and declined to around 57 per cent in 2007-08. Private consumption expenditure had a share of 55.5 per cent of GDP in 2008-09 while government consumption expenditure accounted for about 11 per cent. The share of gross capital formation in the GDP has been on a rising trend, increasing from 27 per cent in 2003-04 to 36.2 per cent in 2007-08, supported mainly by an increase in gross fixed capital formation.

Private Consumption

Private final consumption expenditure at constant prices grew at 8.1 per cent per annum in 2007-08 as compared to 6.4 per cent in 2006-07. This higher growth was attributable to higher increase in growth in consumption expenditure on food, beverages & tobacco, clothing and footwear, and on miscellaneous goods and services that neutralized the decrease in growth of consumption expenditure on furniture, furnishings, medical care and health services, transport and communication as indicated in Table 2
Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – http://indiabudget.nic.in/es2008-09/chapt2009/chap13.pdf

Table 3: Private final consumption expenditure by items in domestic demand – annual growth and share at 1999-00 prices (per cent)*

Sector	2003-04	2004-05	2005-06	2006-07	2007-08
Food, beverages & tobacco	4.7	0.9	7.4	4.6	6.4

Clothing & footwear	(2.4)	4.7	11.7	3.8	8.6
Gross rent, fuel & power	3.3	3.6	3.1	3.0	3.4
Furniture, furnishings etc.	8.1	12.2	11.6	11.6	9.9
Medical care & health services	3.3	12.5	11.0	9.5	7.3
Transport & communication	11.4	10.2	(0.4)	8.8	7.4
Recreation, education & cultural services	12.0	13.9	11.4	12.9	12.2
Miscellaneous goods & services	9.5	12.4	11.8	8.8	17.6
Total private consumption	**6.0**	**5.5**	**6.8**	**6.4**	**8.1**

** 2008-09 data has not been published*
Source: Central Statistical Organisation

Trade

The year 2008-09 was marked by adverse developments in the external sector of the economy, particularly during the second half of the year, reflecting the impact of global financial crisis on emerging market economies including India. In 2008-09, the value of merchandise exports reached US$ 168.7 billion (Rs. 8.25 lakh crores) with a growth of 3.6 per cent. While export growth was robust till August 2008, it became low in September and became negative from October 2008 to March 2009 due to the global recession. The negative trend continued in April 2009 with export growth at -33.2 per cent.

Export performance was dominated by volume growth till 2002-03. There was a reversal of this trend in 2003-04, with increasing contribution of higher unit value in export performance. Subsequent years witnessed a surge in exports both in terms of volume and unit value with a relatively higher growth of volume.

In 2008-09 (April-February), the overall growth of exports in US$ terms was only 6.6 per cent compared to 29 per cent in the corresponding period of the previous year. Manufactured goods with 10.4 per cent registered double digit growth. Among the manufactured goods, engineering goods registered higher growth. Petroleum exports including coal witnessed a growth rate of only 3.5 percent. While gems and jewellery, handicrafts, agriculture and allied items and ores and minerals exports registered negative growth, textiles including ready made goods and leather and leather manufactures showed low growth
Source: Economic Survey 2007-2008; Ministry of Finance, Government of India; text available at – *http://indiabudget.nic.in/es2008-09/chapt2009/chap66.pdf*

Gems and Jewellery Industry Overview

The size of the global gems and jewellery industry is estimated at 146 billion U.S. dollars (USD) (Rs. 7.14 lakh crores) at retail prices in 2005. The industry has grown at an average Compounded Annual Growth Rate (CAGR) of 5.2 per cent since 2000. The Global jewellery sales are expected to grow at 4.6 per cent year-on-year to touch USD 185 billion (Rs. 9.04 lakh crores) in 2010 and USD 230 billion (Rs. 11.24 lakh crores) in 2015. India and China together are expected to emerge as a market equivalent to U.S. market by 2015.
Source: GJEPC; text available at - http://www.gjepc.org/media/pressrelease/kpmg.aspx

The two major segments of the Gems and Jewellery (G&J) business in India are gold jewellery and diamond jewellery. While a predominant portion of gold jewellery manufactured in India is for domestic consumption, a predominant portion of rough, uncut diamonds processed in India in the form of either polished diamonds or finished diamond jewellery is exported. India is the largest processor of rough diamonds, processing 57% of the rough diamonds in value terms and approximately 95% of the roughs in volume terms (2005 data). India's share of the diamond processing industry pie is expected to drop to around 49 per cent (in value terms) by 2015. China will emerge as a strong player with 21.3 per cent of the diamond processing share by 2015 (*Source: GJEPC, IMaCS).* Preference for gold dominates the domestic jewellery demand. The domestic demand for gold jewellery is estimated at Rs. 55,000 crores in 2007, accounting for an estimated 80% of the Indian jewellery market of Rs. 69,000 crores. The balance comprises diamond jewellery Rs. 11,500 crores,

and other fabricated jewellery Rs. 2,500 crores. With an estimated gold jewellery consumption of 470 tonnes during 2008, India is the largest consumer of gold jewellery in the world.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008

Industry Structure

India is the largest diamond cutting & polishing centre in the world, followed by Israel. The bulk of the G&J industry in India is concentrated in the unorganised sector and employs an estimated Rs.14 lakh workers serving over Rs. 4.5 lakh goldsmiths, and around Rs. 1 lakh diamond processing units. There are over Rs.1 lakh gold jewellers and over 8,000 diamond jewellers. The majority of India's diamond workforce is employed by small units that process diamonds on a job-lot basis. The number of gold jewellery manufacturing units is put at Rs. 1 lakh. The Indian CPD exports industry has been built on polishing lower size and quality stones.

However, the share of the unorganised sector in the Indian G&J business is declining. For example, according to a survey commissioned by GJEPC, the share of the organised sector in diamond processing increased from 9% in 1995 to 45% in 1998. This was because of the shift in processing towards higher stones, implementation of advanced cutting techniques, and preference of buyers towards fewer sellers.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008; IMaCS – Gems & Jewellery Industry Update, June 2009

Cyclicality

The G&J business is typically subject to seasonal fluctuations in sales. In particular, higher sales are reported during October-March, because of the Diwali, Christmas and the wedding season. The industry also experience considerable fluctuations in sales before certain religious occasions. Indian jewellery consumption is sensitive to both income growth and price increases. Price volatility is a deterrent to gold purchase in India where jewellery is traditionally sold by weight at a price which varies directly according to movements in the international gold price.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008

Trade

The G&J industry contributes a major share of India's exports. Exports of G&J aggregated Rs. 95,092 crores (US$21.11 billion) during FY2009, accounting for 12.0% of India's exports. The exports grew by 13.52% in rupee terms over FY2008; primarily due to the decline of the rupee against the dollar (growth in dollar terms was only 1.45%). Ignoring minor year-on-year variations, the share of G&J in India's exports has grown over time from 4% in 1972-73 to 17.1% in FY2003, before declining thereafter primarily because of higher growth in other items. With negligible production of gold and diamonds, the Indian G&J industry is almost entirely dependent on imported raw materials. During FY2009, imports of pearls, precious & semi-precious stones; and gold aggregated Rs. 89,344 crores (US$19.54 billion), accounting for 6.6% of total imports. The imports exhibited a growth of 20.49% in rupee terms and 7.39% in dollar terms over FY2008.

The first three months (April – June) of FY2010 saw the imports decline by 18.61% in rupee terms over the corresponding period last year (32.51% decline in imports in dollar terms). The decline in exports has been less severe during the same period, with a 4.92% de-growth in rupee terms and 20.88% de-growth in dollar terms.

Raw Material: With negligible domestic production of gold, diamonds, and other gemstones, India has to import almost its entire requirements. The Indian G&J depends entirely on imported raw materials. Russia, Botswana, South Africa and Congo are the world's major gem quality diamond producers, with Australia being a major industrial diamond producer. Botswana is the world's largest diamond-producing country in terms of value, estimated at US$2.96 billion (Rs. 14,468 crores) in 2007. Russia is the largest diamond producer by volume, and the second largest producer of diamonds in the world by value. Its diamond production of 383 lakh carats in 2007 was valued at US$2.63 billion (Rs. 12,855 lakh crores), at an average price of US$68.6 p/c (Rs. 3,353.17 per carat). Russia also presently hosts the world's longest productive mines, with estimated reserves of US$110 billion (Rs. 5.38 lakh crores).

An estimated 39% of India's G&J imports during FY2009 were of rough diamonds (which are then cut & polished for re-export), followed by CPDs (36%), and gold bars (21%).

Table 4: Component-wise Imports of Gems and Jewellery

Fiscal (Rs. lakhs)	Value					Growth	
	2005	2006	2007	2008	2009	2009	3-year
Rough diamonds	3,45,812	3,86,264	3,99,753	3,99,215	3,44,056	-13.8%	-3.8%
Rough Coloured Gemstones	3,757	5,097	6,017	5,995	4,329	-27.8%	-5.3%
Raw Pearls	249	287	330	449	253	-43.6%	-4.1%
Rough Synthetic Stones	175	576	261	528	144	-72.8%	-37.1%
Gold Bars	38,846	86,230	114,408	89,496	185,679	107.5%	29.1%
Silver Bars	1,036	946	664	796	1,162	46.0%	7.1%
Platinum Bars	398	98	3,028	234	17,474	7383.6%	462.1%
Cut and polished diamonds	1,28,364	1,32,870	92,386	2,22,520	3,18,842	43.3%	33.9%
Others	7,362	13,069	20,210	22,274	21,510	-3.4%	18.1%
Total	**5,25,999**	**6,25,437**	**6,37,057**	**7,41,506**	**8,93,448**	**20.5%**	**12.6%**

Source: Gems & Jewellery Export Promotion Council

During FY2008, India imported 1,692 lakh carats of rough diamonds valued at roughly US$9.80 billion (Rs. 39,922 crores). The major supplier countries include Belgium, UK, Israel, UAE, and US. Maintaining an uninterrupted supply of rough diamonds is critical to the Indian G&J industry, which obtains its requirement primarily from De Beers, Rio Tinto, and the Antwerp diamond Market in Belgium.

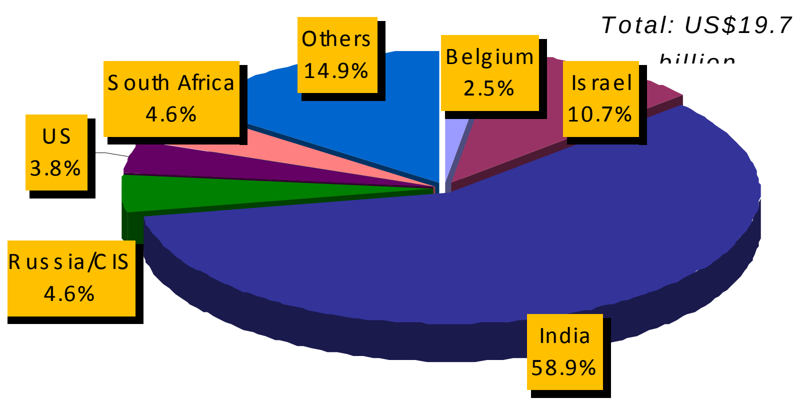
Most world diamond supplies are controlled by a few major mining companies such as De Beers, Rio Tinto, and Alrosa; prices are supported by managing the quantity and quality of the gemstones relative to demand, a function that has been traditionally dominated by De Beers. From the early 20th century, the world diamond trade has been dominated by De Beers, which is the largest diamond miner in the world, and the leading supplier of roughs. De Beers has developed rigid methods of operation which ensure stability within the industry through maintenance of fixed minimum prices for diamonds, stable increase in prices, limitation of production to that quantity which can be sold at the desired price, and assurance of a market for the entire production of diamonds. The distribution of diamonds from the DTC to the ultimate consumer is highly complicated by a chain of brokers, cutters, wholesalers, and retailers. Diamonds, still in rough hewn shape, are shipped to London and there sold by the DTC to a very small number of select diamond brokers (called `sight holders'). The sight holders sell to cutters who polish and cut the stones into the finished product, and the finished diamonds then pass through the hands of wholesalers and retailers before reaching their final destination—the consumer. Because of the great number of transactions involved and because the cutters in particular, and the brokers to a lesser degree, do not seriously compete, the price of finished diamond products is about 5 times what was paid to the diamond miners.

The sight holders may chose to cut the rough diamonds they buy themselves, or they may chose to sell some of the rough diamonds to smaller manufacturers. These smaller manufacturers cut the rough diamonds and sell the polished gems either to jewellery manufacturers (who set the diamonds into finished pieces of jewellery and then sell the jewellery to jewellery retailers), or to diamond wholesalers (who then, in turn, sell the diamonds to diamond retailers). In the less common route from mine to market, some independent miners elect not to sell their mine production to De Beers. Instead, they offer newly mined diamonds directly to other world buyers. These buyers, in turn, may choose to cut and sell the diamonds themselves, or pass the diamonds along within the industry.

Because of the high labour component in the total diamond manufacturing costs, the Indian trade is less vulnerable to fluctuations in the rough diamond prices than other higher-cost cutting centres. Although De Beers has a dominant control over the world supply, the bargaining power of Indian industry is enhanced by the fact that the suppliers have very few alternative customers (cutting and polishing) for their cheaper range of roughs. India's off-take of DTC's sales has increased in recent years—from 24% of DTC's sales in 2000 to 35% in 2007. The multi-channel supply of roughs (DTC, Argyle, Alrosa, etc) give the Indian industry considerable leverage over the DTC; sight holders can demand allocations of better quality goods as a `precondition' to their willingness to take cheaper roughs, or they can reject better goods when market conditions favour that course of action.

Finished Goods: The bulk of the Indian G&J exports comprise import of rough diamonds, cutting and polishing in India, and re-export. Because of its international competitiveness arising out of low-cost and skilled diamond processing, India is the world's leading diamond cutting and polishing centre. While Belgium and Israel dominate the cutting and polishing of larger-sized and larger-value diamonds (over 0.5 carats), India dominates the lower-sized, lower-value market (less than 0.5 carats). The rough diamonds processed in India are overwhelmingly smaller-sized which cannot be shaped to intricate designs by the automatic machines used by other leading diamond processing countries, such as Israel and Belgium, which deal with much larger sizes.

Figure 1: Value of Polished Output by Cutting Centres in 2008



Source: IMaCS

Gold jewellery exports have also increased at a high rate in recent years, primarily because of higher exports to major markets as well as significantly higher gold prices. As per data released by the Gems & Jewellery Export Promotion Council (GJEPC), cut & polished diamonds (CPDs) accounted for 61.7% of India's G&J exports of Rs. 95,100 crores during FY2009, followed by gold jewellery (32.5%), and rough diamonds (3.7%). Thus, two items—CPDs and gold jewellery—account for around 94% of India's G&J exports.

Table 5: Component-wise Exports of Gems and Jewellery

Fiscal (Rs. lakhs)	Value					Growth	
	2005	2006	2007	2008	2009	2009	3-year
CPDs	50,07,360	52,12,630	49,15,630	57,11,720	58,64,950	2.7%	4.0%
Coloured Gemstones	17,11,200	17,10,410	23,47,880	22,31,570	30,87,650	38.4%	21.8%
Gold Jewellery	86,390	1,03,040	1,11,230	1,11,110	1,19,760	7.8%	5.1%
Pearls	1,220	1,060	1,110	1,560	1,650	5.8%	15.8%
Non Gold Jewellery	58,000	64,440	78,950	92,110	87,210	-5.3%	10.6%
Synthetic Stones	490	560	340	450	550	21.6%	-0.8%

Rough diamonds	1,59,940	2,49,380	2,54,880	2,28,030	3,47,490	52.4%	11.7%
Total	**70,24,600**	**73,41,530**	**77,10,010**	**83,76,550**	**95,09,250**	**13.5%**	**9.0%**

Source: Gems & Jewellery Export Promotion Council

The US is the largest market for diamond jewellery, accounting for around 44% of world diamond jewellery sales of US$65 billion (Rs. 3.18 lakh crores) during 2008. Other major consuming markets include Japan (12%), Middle East (10%), and Europe (12-12%). The US is also the world's leading importer of CPDs, accounting for around 34% of total world imports, followed by Hong Kong (17%), and Belgium (9%), and UAE (6%). The US is also the world's largest importer of gold jewellery accounting for 24% of world imports, followed by UAE (11%), UK (11%), and Hong Kong (9%). The US has been traditionally the largest market for Indian G&J exports, accounting for 23% of India's G&J exports during 9MFY2009. Other major export destinations include Hong Kong (27%), UAE (23%), and Belgium (10%). The industry is therefore significantly dependent on the growth in these economies.

Demand has declined sharply since September 2008 because of the global financial crisis, sharp slowdown in world economic activity, tight credit conditions, and worsening consumer confidence. Overall G&J exports declined 7.7% (yoy) in Q3FY2009, followed by strong growth of 26% (yoy) in Q4FY2009, mainly because of a sharp increase in gold exports caused by higher prices. US imports of CPDs declined 28% (yoy) in 4Q2008, followed by an even sharper decline of 52% (yoy) in 1Q2009. After a growth of 13.2% in 2007, India's exports to the US increased 5.2% in 2008 to US$3.88 billion (Rs. 18,965 crores). The depreciation of the rupee during FY2009 had made Indian exports more competitive and resulted in India gaining market share. However, India's exports to the US have experienced sharp declines of 27% (yoy) in 4Q2008, and 49% (yoy) in 1Q2009.
Source: GJEPC; IMaCS – The Indian Gems & Jewellery Sector, July 2008; IMaCS – Gems & Jewellery Industry Update, June 2009

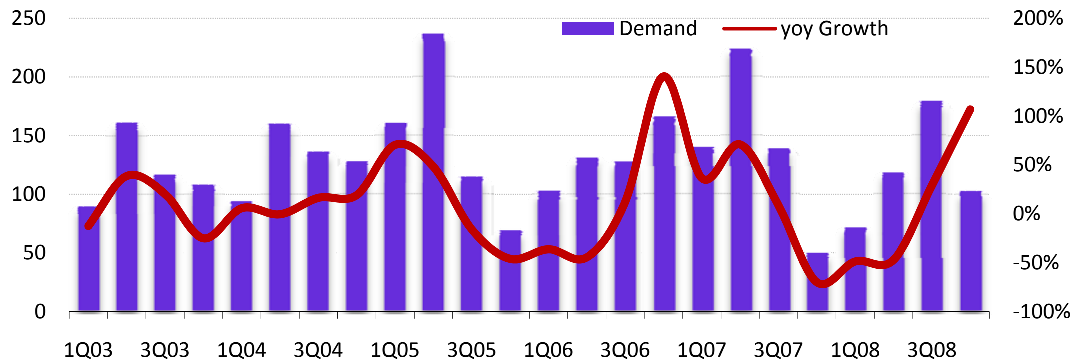
Domestic Demand

Gold Jewellery: The Indian jewellery market is dominated by gold jewellery, accounting for nearly 80% of the market. India's gold jewellery demand is seasonal with the highest consumption during the festival and wedding season. India has been the largest consumer of gold for jewellery in recent times. In addition to its jeweller aspect, gold jewellery is also used as a savings instrument. Rural households account for more than two-thirds of demand, and both rural and urban households purchase gold on a large scale to meet exigencies of consumption and other expenditure in future. India accounts for 22% of the global gold jewellery demand in CY2008.

India's jewellery gold demand increased 4.8% to 552 tonnes in CY2007. During 1H2008, India's jewellery gold demand declined 48% (yoy) to 189 tonnes because of extreme price volatility and the weakening of the rupee against the dollar. However, demand increased 49% (yoy) in 2H2008 to 281 tonnes because of the festival and wedding season, and stable/downward trend in gold prices. For CY2008 as a whole, demand declined by 14.9% to 470 tonnes, largely on the back of the relatively high and volatile gold price. Jewellery demand could be substantially lower in CY2009, because gold price volatility is a key deterrent to gold purchases. Prices have continued to increase in 2009 with significant negative effect on demand and imports, and have also triggered higher levels of scrap recycling. Annual consumption per capita is still very low, reflecting the high proportion of the rural population and the social infrastructure of the country. Over the medium term, given the fact that gold demand is income-elastic, it would be safe to assume that domestic demand is likely to increase over the next decade.
Source: IMaCS – Gems & Jewellery Industry Update, June 2009

Figure 2: India's Quarterly Jewellery Gold Demand (tonnes)

Source: IMaCS

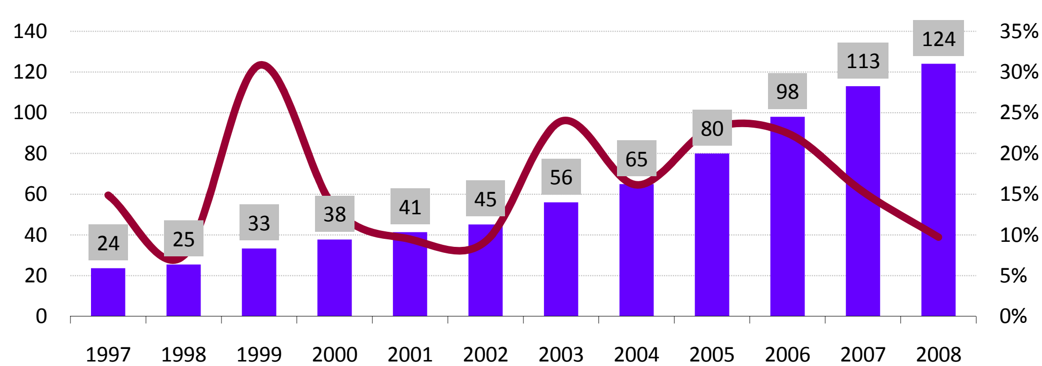


Diamond Jewellery: As with all luxury products, jewellery and diamond demand is highly elastic. Diamond and jewellery sales rise strongly in periods of buoyant economic growth, and vice versa. In addition, diamond demand has a tendency to lag behind economic recovery by about one year. The Indian domestic diamond jewellery market is estimated at around Rs. 12,400 crores in retail value during 2008. The demand for diamond jewellery is dependent on India's gross domestic product's (GDP) growth, which increased 9% in FY2008; However, GDP growth has moderated to an estimated 7% in FY2009, with a further expected moderation to 6% in FY2010. Although accurate and official data is not available, while China ranks sixth in the world in terms of diamond jewellery retail value, ahead of India which is in seventh place, India ranks third in terms of diamond value, while China holds the seventh position. Because of increased disposable income and aggressive promotion strategies by the diamond industry, Indian diamond jewellery demand has increased significantly in recent years—from Rs. 1,970 crores in 1995 to around Rs. 12,400 crores in 2008.

In 1992, a poll conducted by the DTC examined the buying preferences of Indian women in its ideal target market, and discovered that only 10% of the women surveyed described diamonds as their preferred type of jewellery. By comparison, gold was preferred by 60% of the women surveyed. Since then, the situation has changed considerably, in part because of an industry-led consumer advertising campaign. A study similar to one carried out in 1992 was conducted in 2006. The survey showed that 37% of the women in the same socio-economic groups identified diamonds jewellery as their first preference, compared with 44% for gold jewellery.

Overall, world jewellery retail sales are expected to decline sharply in 2009. De Beers expects retail sales to decline 5% in polished wholesale prices. While US sales are expected to decline 8% in 2009, sales are expected to stagnant in China and the Middle East. India's retail sales are expected to increase 4-5% in 2009.
Source: IMaCS – Gems & Jewellery Industry Update, June 2009

Figure 3: India's Diamond Jewellery Retail Sales (Rs. Billion)
Source: IMaCS



Key Characteristics: Gold & Diamonds

Gold

Gold usually only occurs in a metallic state. It is commonly associated with sulphide minerals such as pyrite, but it does not form a separate sulphide mineral. Gold jewellery is usually manufactured using casting and moulding techniques. Gold is found in a variety of environments globally, but generally requires grades in excess of 1 gram/tonne or t (1 part per million or ppm) to be considered economic. The proportion of gold in jewellery is measured on the carat (or karat) scale. Pure gold is designated 24 carat, which compares with the `fineness' by which bar gold is defined.

Figure 4: Gold Caratage and Fineness

Caratage	Fineness	% Gold
24	1,000	100
22	916.7	91.67
18	750	75
14	583.3	58.3
10	416.7	41.67
9	375	37.5

Source: World Gold Council

In India (also in the Middle East and South East Asia), jewellery is traditionally 22 carat (sometimes even 23 carat). In China, Hong Kong and some other parts of Asia, pure gold jewellery of 990 fineness (almost 24 carat) is popular. Thus, gold jewellery is typically high in carats and priced with minimal artistic mark-up over the value of the gold with which it is made. By contrast, in developed countries, only a small share of jewellery is high in carats, and mark-ups over gold costs are much higher. The most widely used alloys for jewellery in Europe are 18 and 14 carat. While 14 carat gold jewellery dominates in the US, 9 carat is popular in Britain.

Gold prices have been on an upward trend since early 2003, with average prices increasing at a 5-year CAGR of 17.6% to US$697/oz. in 2007. For 2008 as a whole, average gold prices increased 25.1% to US$872/oz. (Rs. 42,623/oz.). During 2009, gold prices continued to increase with average price of US$909/oz. (Rs. 45,305/oz.) in 1Q2009. Gold prices have reflected sharp increase along with considerable volatility during 2008-09, reflecting ongoing uncertainty within global financial markets. This volatility resulted from investors hedging against fluctuations in the value of the US dollar and significant declines in the valuation of global equity markets. Gold prices have also increased in recent months because of strong demand for gold bars, coins and other physical gold products following a sharp worsening in the world economic outlook.

Diamond

Diamonds are crystals made up entirely of carbon atoms that are arranged in an isometric or cubic matrix. However, most diamond crystals encounter varying heat or pressure, other elements, or even other diamond crystals during their growth, and this can alter their form somewhat. The resulting form and characteristics of the crystal, once it emerges from the earth, help to determine what shape, colour and clarity the polished gem will have. Rough diamonds used for processing into cut and polished diamonds are generally broken down into three categories: gems, near-gem, and industrials. Gem category represents the high end with high yield and value. Near-gems are diamonds of poor quality that can be cut and polished but with a very poor yield. Industrials are low-end quality used mainly for industrial applications.

Four characteristics, known informally as the four Cs, are now commonly used as the basic descriptors of diamonds: these are carat, clarity, colour, and cut. Most gem diamonds are traded on the wholesale market based on single values for each of the four Cs. Other characteristics not described by the four Cs can influence the value or appearance of a gem diamond. These include physical characteristics such as the presence of fluorescence, data on a diamond's history including its source, and which gemmological institute performed evaluation services on the diamond. The carat weight measures the mass of a diamond. One carat is defined as exactly 200 milligrams. The point unit—equal to one 0.01 carat or 2 mg—is commonly used for diamonds of less than one carat.

The Rapaport Diamond Report is the international trade price list for polished diamonds. It lists prices that are `traded off' (usually at discounts) based on their shape, size range, colour and clarity. The price per carat does not increase smoothly with increasing size. Instead, there are sharp jumps around milestone carat weights, as demand is much higher for diamonds weighing just more than a milestone than for those weighing just less. As an example, a 0.95 carat diamond would have a significantly lower price per carat than a comparable 1.05 carat diamond, due to differences in demand.

India's per carat price of rough diamond imports increased significantly during FY2003-08, but declined in FY2007 because of price declines caused by lower offtake in India due to Surat floods. Because diamond demand is inextricably intertwined with economic cycles, a slowing global economy is expected to dampen world diamond demand in 2008. During FY2009, although import prices have increased, they declined sharply in the latter-half of FY2009, as demand declined.
Source: IMaCS – The Indian Gems & Jewellery Sector, July 2008; IMaCS – Gems & Jewellery Industry Update, June 2009

Table 6: Average Price of rough diamonds Imported by India

Fiscal	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rs. per carat	1,976	1,555	1,465	1,660	1,957	2,233	2,269	2,327	2,905
US$ per carat	43.3	32.5	30.1	35.9	43.4	50.3	49.8	57.1	63.5

Source: IMaCS

Export data from the GJEPC also report a gradual shift in Indian exports to higher value segments, reflected in higher per carat (p/c) realisations—from US$207 (Rs. 9,377) in FY2001 to US$275 (Rs. 12,072) in FY2006, and to US$324 (Rs.14,588) in FY2009. During FY2009, realisations increased sharply to US$372/ct (Rs. 18,183/ct). In Q2FY2009 but have declined sharply to US$292/ct (Rs. 14,273/ct) in Q4FY2009 mainly because of lower demand for bigger sizes, and a sharp decline in demand.

Table 7: Average Price per carat of CPD Exported from India

Fiscal	2001	2002	2003	2004	2005	2006	2007	2008	2009
Rs. per carat	9,377	8,620	9,212	10,498	10,444	12,072	13,718	13,261	14,588
US$ per carat	206.9	181.6	191.0	229.0	233.2	274.7	304.0	329.6	324.0

Source: IMaCS

Key Trends

- Mining countries encourage local beneficiation and capture a share of the polishing industry. Increased processing of roughs is expected in diamond producing companies due to government policies
- Supply sources get fragmented and rough supply increases. DeBeers – the world's largest diamond mining and marketing company, has seen its market share decrease from over 60% (in 2000) to 42% (in 2007)
- Consolidation occurs across the jewellery value chain.
- Demand for plain gold jewellery declines. Movement away from the traditional gold jewellery with emergence of diamond jewellery.
- Large emerging retail markets such as China and India organise and consolidate. Emergence of integrated players with large CPD houses entering into branding & retailing.

- Indian CPD industry moves towards processing larger sized diamonds. Future growth is likely to be largely driven by the cutting and polishing of medium and large stones (currently dominated by Belgium and Israel), with higher realisations.

Source: GJEPC; IMaCS – The Indian Gems & Jewellery Sector, July 2008; IMaCS – Gems & Jewellery Industry Update, June 2009

OUR BUSINESS

The following information is qualified in its entirety, and should be read together with, the more detailed financial and other information included in the Red Herring Prospectus, including the information contained in the section titled "Risk Factors," on page x of the Red Herring Prospectus.

Overview

We are in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. We were initially in the business of export of coloured stones and have since then expanded into diamond trade in 1994 and manufacturing of diamond studded jewellery in 2003. Our cutting and polishing activity was boosted in 2006 by having establishing our own diamond processing unit at SEZ in Surat for processing of rough diamonds. In 2007, we set up another facility for processing of rough diamonds in Mumbai to cater to the local market and for our jewellery making operations. We scaled up our diamond jewellery making operations by establishing a dedicated manufacturing facility in Mumbai and launched our first jewellery retail store in July 2008.

Our Company is promoted by Mr. Nand Lal Goenka who has over 40 years of experience in the gems and jewellery business alongwith his sons, Mr. Navneet Goenka and Mr. Nitin Goenka.

Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of our business. We source rough diamonds from a variety of suppliers in Hong Kong, USA, Russia and the local Indian market. We have acquired 95% stake in M. B. Diamonds, a LLC registered in Russia in March 2008 to enable us to import high quality and competitively priced rough and semi-processed diamonds from Russia. We supply the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based out India and other countries such as Hong Kong, South East Asia and USA.

We retail our diamond jewellery under two brands viz. *CERES* and *G WILD* catering to specific segments. We retail high end diamond jewellery under the *CERES* brand targeting the top-end segment of the society while *G WILD* focuses on internationally designed diamond jewellery targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands. We currently have presence in retail through 3 company operated *G WILD* stores, 1 store under franchisee and 1 shop-in-shop for *G WILD*. We opened the first *CERES* store in Mumbai in April 2009.

We also sell primarily high-end diamonds jewellery through our corporate office to exclusive clients, business associates and select retailers. We have been undertaking this wholesale supply of jewellery since 2003.

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian Subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain. Going forward, we plan to strengthen our model by expanding our Russian sourcing operations and increasing our retail network.

As of February 28, 2010, we have 172 full time employees. We have been certified as an ISO 9001:2000 company by ISOQAR Limited.

Based on our restated unconsolidated financial statements, for the period April-December 2009, Fiscal 2009, 2008 and 2007, we generated total income of Rs. 40,914.94 lakhs, Rs. 45,128.95 lakhs, Rs. 20,061.92 lakhs and Rs. 7,360.54 lakhs respectively, and net profit of Rs. 3,328.19, Rs. 2,740.12 lakhs, Rs. 1,240.23 lakhs and Rs. 269.31 lakhs respectively. Over the fiscal years 2007 to 2009, our total income and net profit increased at a CAGR of 147.61% and 218.98% respectively.

Currently, our business is broadly divided into diamond processing business and jewellery business. Our diamond processing business consists of trading, cutting and polishing of diamonds. Jewellery Business consists of manufacturing and retail of jewellery under *CERES* and *G WILD* brands and also includes our wholesale jewellery operations. Out of our standalone operating income of Rs. 40,904.98 lakhs and Rs. 44,377.47 lakhs for the nine month period ending on December 31, 2009 and Fiscal 2009 respectively, diamond processing business accounted for 72.84% and 77.26 % of total income respectively and jewellery business accounted for 27.16% and 22.74% respectively of total income.

Competitive Strengths

Integrated player with presence across the value chain

We are an integrated company having presence across the various segments of the value chain. We source roughs from a variety of suppliers including our Subsidiary, process them for exports and also for manufacturing our branded jewellery. We retail the jewellery through our stores under our own brands. By having a strong presence across the value chain, we are able to minimize risk and optimize profitability of operations. Going forward, we plan to increase the integration as we expand the operations of our Russian Subsidiary and increase our retail network.

Promoters experience of over four decades in the Gems & Jewellery industry

We benefit from the experience of our Promoters and the core management team. Our Promoters have been in the business of gems and jewellery for over four decades and have built immense experience and strong relationships with both suppliers and customers in the industry. Our founder, Mr. Nand Lal Goenka entered this business in 1969 and has established strong contacts with both international and domestic customers. Mr. Navneet Goenka and Mr. Nitin Goenka have a combined experience of over 21 years in the diamond business.

Our core strength lies in the extensive knowledge of our core management team which helps us execute our growth strategies. Most of our key managerial personnel have substantial experience in the gems and jewellery industry. We believe that having a strong management team with extensive experience enables us to respond to changing market conditions and evolving preferences of our customers and is essential to our overall success and our future growth.

Expertise in processing larger sized stones

Our focus has been on technological skill in processing of large size (high carat) diamonds which provides higher margins. India's major contribution has been in processing smaller sized diamonds while larger stones processed in countries like Belgium, Israel, etc. Over the years, we believe that we have built the required expertise in this area, which differentiates us and gives us an edge over most of our Indian competitors.

The price/carat for diamonds increases as size of the diamond increases. For example, as per Rapaport Diamond Report dated August 29, 2009, for round diamonds, the price for a VVS1 (very very slight) cut D colour diamond increases from US$ 3,700/carat for diamonds in 0.30 – 0.39 carat range to US$ 6,300/carat for diamonds in the 0.50 – 0.69 carat range. Our price realization per carat is higher than industry average. The realization per carat for Indian CPD exports was US$ 324/carat in Fiscal 2009 and US$ 303/carat for the period April – December 2009. Our per carat realization stood in Fiscal 2009 at US$1,407.89 and for the Period ending on December 2009 at US $ 2,103.38 *(Source: IMaCS – Gems & Jewellery Industry Update, June 2009; www.gjepc.com)*

Table 1: Realization per carat over the years

	Fiscal 05	Fiscal 06	Fiscal 07	Fiscal 08	Fiscal 09	April-Dec 2009
Diamond Sales (Rs. Lakh)	2,628.63	3,813.36	7,359.46	16,319.68	34,276.09	29795.13

Volume (carat)	17,882	27,533	34,071	36,262	52,662	30,641
Sales/carat (Rs.)	14,699.87	13,850.19	21,600.18	45,005.52	65,086.95	97,239.32
Sales/carat (US$)*	317.97	299.59	467.23	973.51	1,407.89	2,103.38

**Converted at the rate of Rs. 46.23 per dollar; Exchange rate is as on Feb 26, 2010 sourced from www.rbi.org.in*

Strong designing and production capabilities with modern equipments

We have an extensive design bank which allows us to manufacture a variety of jewellery as per requirements. We have an in-house design team besides some select freelance designers for designing jewellery in line with the latest trends and customer preferences in the least possible time-frame. Our expertise in polishing large diamonds and cutting them into various shapes like of round, marquise, pears, radiants, etc. allows us to introduce variety of innovative and exotic designs at economic price and allows us to reduce the time to market for newer designs. This is reflected in our retail sales, which have averaged at Rs. 27.35 lakhs and Rs.34.67 lakhs per store per month for the *G WILD* brand in Fiscal 2009 and for the 9 month period ending on December 31, 2009 (average is for stores only and excludes shop-in-shop outlets) Similarly for our *CERES* store the average sales was Rs 327.14 lakhs per month per store for the 9 months period ending on December 2009.

We use the advanced technology and equipment in our manufacturing facilities to enable us to process the rough diamonds in the most efficient and optimal manner and allow us to design the highest quality jewellery. We have been certified as an ISO 9001:2000 company which stands for product quality assurance system. Further, majority of the diamonds used in *CERES* jewellery are certified by Gemological Institute of America (GIA), a globally renowned certification institutes.

Well diversified customer base

In the last few years, we have diversified our export client base and have entered new markets for our export business. Our main countries for exports include US, South East Asia, and Hong Kong. Over the years, we have reduced our exposure to US which now accounts for less than 13% of our total Diamond Business sales for the 9 month period ended December 31, 2009 vis-à-vis more than 66% in Fiscal 2007. We have focused on untapped markets for export of polished diamonds. This allows us to earn higher margins due to our early mover advantage. Our second largest market, Hong Kong primarily acts as hub for re-export to other countries. We have significantly increased our focus on the South East Asian region which emerged as our biggest market.

Further, we have increased sales to the local Indian market which accounts for more than 5% of our diamond segment sales for the nine months period ended December 31, 2009 from Nil in Fiscal 2007. Thus we are less dependent on the vagaries of a single economy.

We were able to increase our Diamond Business segment sales by 110.10% in Fiscal 2009 over Fiscal 2008. For the same period, the exports of cut and polished diamonds by the Indian diamond industry rose by 2.68% in rupee terms. (*Source: GJEPC website; http://www.gjepc.org/pdf/Current_updates/Exports_of_Gems_and_Jewellery_for_April_08__March_09__Summary_.pdf)*

Business Strategies

Moving up the value chain

We started our diamond business as a trading concern and remained primarily a trading house till Fiscal 2007. With the launch of our manufacturing facility, we have reduced our trading business to a small portion of our total revenues and have focused on manufacturing and processing of rough diamonds. We will continue to focus on the manufacturing business where we enjoy higher margins. We also plan to continue moving towards processing higher carat diamonds allowing us to establish a niche.

Our entry into retail of diamond jewellery was a natural progression from the processing of diamonds business. We started our wholesale diamond jewellery business in 2003 and then entered the retail jewellery business in 2008. As we expand our retail presence, we plan to emerge as an integrated player having a strong presence across the various segments of the value chain. Further, to improve our backward linkages, we plan to increase our presence in Russia through our Subsidiary. For details please refer to section titled "Objects of the Issue," on page 40 of the Red Herring Prospectus.

Due to this strategy we have managed to earn a return on networth which is above the industry average over the past two years. Our average RONW for Fiscal 2008 and Fiscal 2009 stood at over 33% vis-à-vis an industry average of under 6% in Fiscal 2008. (*Source: IMaCS – Gems & Jewellery Industry Update, June 2009)*

Continued focus on retail

We plan to expand our retail presence for both our brands – *G WILD* and *CERES*. We plan to open 12 *G WILD* stores in the Fiscal 2011 and another 5 *G WILD* stores in Fiscal 2012. Further, we plan to open two *CERES* store in Fiscal 2011. All the stores planned will be Company operated. Further all the shops will be taken on a rental basis to ensure lower capital expenditure.

The increased presence would allow us to tap newer markets, increase jewellery sales and boost our profitability. The launch of exclusive retail showrooms across new locations would help in increasing our brand visibility and acceptance. We are also increasing our jewellery manufacturing capacity in anticipation of increased demand. For details please refer to section titled "Objects of the Issue," on page 39 of the Red Herring Prospectus.

Establish our jewellery brands

Entry into branded jewellery segment is our strategy to capture the shift of the Indian market from traditional jewellery to international styled branded segment. In order to emerge as a leading retail jewellery player, it is essential for us to create and establish reputed brands. We retail our diamond jewellery under two brands viz. *CERES* and *G WILD*. We retail premium luxury diamond jewellery under the *CERES* brand targeting the top-end segment of the society while *G WILD* focuses on internationally designed diamond jewellery targeting the youth. For increasing our brand's awareness, we are undertaking marketing campaign across various media channels. We will focus on establishing these two brands and may introduce new brands in line with the trends and customer preferences.

Sourcing from low cost locations

In the diamond business, raw material costs account for a major portion of the operating expenses. Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of our business. As per IMaCS, raw material accounted for 95.7% of the net sales in FY09. (*Source: IMaCS – Gems & Jewellery Industry Update, June 2009)*. Any savings on raw materials would thus give a substantial boost to our operating profits. In order to lower our procurement costs, we plan to increase our sourcing from Russia, which is one of the largest producers of rough diamonds in the world. We plan to benefit from the favourable government policies in Russia towards local companies and immense experience of the management team of the Subsidiary in order to lower the cost of procurement from Russia, which would in-turn lower our overall material costs. For details please refer to section titled "Objects of the Issue," on page 40 of the Red Herring Prospectus.

Focus on untapped markets

We continue to focus on the untapped markets for export of polished diamonds. This allows us to earn higher margins due to less competition from other players. South East Asia emerged as our largest exporter region in Fiscal 2009. The sales to the region in Fiscal 2008 were non-existent. The region has a significant domestic market and also acts as a conduit for sales to other neighbouring countries. We also expanded our local sales of polished diamonds with sales rising from Rs. 288.77 lakhs in Fiscal 2008 to Rs. 4,353.57 lakhs in Fiscal

2009. The local sales of polished diamonds stood at Rs. 1,831.01 .lakhs for the nine months period ended December 31, 2009. Going forward we will continue to focus on markets, which are currently underserved by our competition.

Increasing capacity in the Diamond Business

We plan to expand our processing capacity of rough diamonds in the facility in Surat. The facility currently is under-utilized and capacity for the unit can be expanded without incurring any major capital expenditure on construction. With increased processing of larger sized stones in the coming years, the augmented capacity will be sufficient to cater to the future demand.

Business activities

Our business consists of two business segments:

1. Diamond Processing business: Trading, cutting and polishing of diamonds
2. Jewellery Business: Manufacture and retail & wholesale of diamond jewellery

Out of our standalone total sales of Rs. 40,904.98 lakhs and Rs. 44,377.47 lakhs for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively, diamond processing business accounted for 72.84% and 77.26%, respectively and Jewellery Business accounted for 27.16% and 22.74%, respectively. For the corresponding periods, diamond processing business accounted for 49.47% and 38.82 %, respectively of total operating profits while jewellery business accounted for 50.53% and 61.18 %, respectively of our total operating profits. The diamond processing business accounts for majority of our sales, while our Jewellery Business has been our main growth driver and accounts for major portion of our profits for the nine months period ended December 31, 2009 and Fiscal 2009.

Table 2: Standalone Revenues, profitability and contribution by business segment

Segments	Revenues (Rs. Lakh)			Revenue Contribution (%)			Operating Profit (Rs. Lakh)		
	Fiscal 2008	Fiscal 2009	April - Dec 2009	Fiscal 2008	Fiscal 2009	April - Dec 2009	Fiscal 2008	Fiscal 2009	April - Dec 2009
Diamond processing	16,320	34,287	29,795	81.37%	77.26%	72.84%	1,488	937	1,996
Jewellery	3,736	10,090	11,110	18.63%	22.74%	27.16%	242	1,477	2,038

Note: There were no business/reportable segments prior to Fiscal 2008 as we were only present in diamond processing business

Sourcing

We source our rough diamond requirements from a dedicated group of diamond traders and wholesalers. We have strong relationship with our suppliers and are able to procure good quality rough diamonds at competitive rates. The suppliers are strategically located and have good relationships with the major miners. Over the years, we have diversified our supplier base and reduced our dependence on a few suppliers. Our top 5 suppliers account for 71% and 75.26% of our purchases for the nine months period ended December 31, 2009 and in Fiscal 2009 respectively vis-à-vis 92.98% in Fiscal 2007.

We source diamonds from countries like US, Hong Kong, Russia and also source from the local market. Over the years we have reduced supplies from the US market from 62.0% in Fiscal 2007 to 30.5% in Fiscal 2009 and to 22.19% for the nine month period ended on December 31, 2009. Further sourcing from the domestic market has increased from 1.7% in Fiscal 2007 to 36.8% in Fiscal 2009 and to 31.14% for the nine month period ending on December 31, 2009 as we have expanded our jewellery manufacturing operations. We primarily purchase small sized processed diamonds from the local market for our jewellery making operations. The larger sized stones used for jewellery manufacturing are imported in the rough form.

Arrangement with our Subsidiary

As part of our strategy to source raw materials from low cost locations, we plan to increase our sourcing from Russia. Our Subsidiary shall be one of our sources for procuring rough and semi-processed stones. As per IMaCS, Russia is the largest producer of rough diamonds (by volume) and the second largest producer by value in 2007. As per Russian Government policies, only locally incorporated firms are allowed to participate in domestic auctions of rough diamonds. Almost all the domestic production is undertaken by a state owned company, Alrosa. The rates for roughs in these auctions are generally lower than market prices. We have setup a processing facility through our Subsidiary to process the rough diamonds. Despite higher processing costs in Russia, we are able to purchase the raw-material at lower costs through our Subsidiary as compared to purchasing directly from market.

Diamond processing business

We cater to both the export market and the local market under this business segment. We buy rough diamonds from diamond traders and wholesalers, polish and process the rough diamonds at our manufacturing facilities and then sell the processed diamonds to wholesalers, jewellery manufacturers, traders and retailers. We process the diamonds in Surat for the export market and the Mumbai facility for the local market. In the last two years, our trading business – involving buying of rough and/or semi-polished diamonds from one party and selling them to another party without any processing, has reduced and now accounts for a nominal percentage of our total diamond business. Historically, we were primarily in the business of trading but after setting up our manufacturing facility in 2006 we have reduced our trading activities.

We primarily process higher carat rough diamonds which lead to a higher realization per carat. Due to the skills and technology required, most of the processing of larger sized stones is undertaken in countries like Belgium and Israel. Having mastered the requisite expertise, we have shifted to processing larger sized stones over the years. A higher realization per carat leads to higher operating margins.

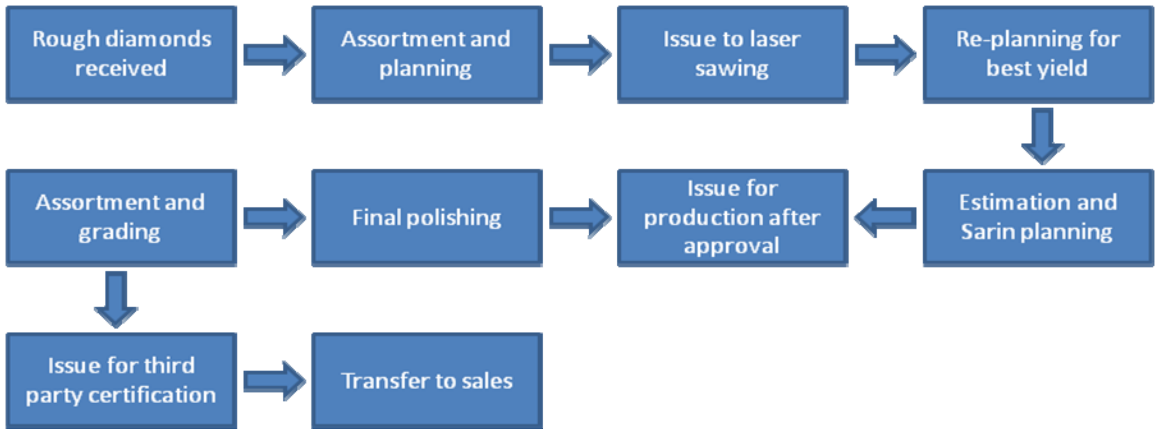
Manufacturing

The manufacturing facility admeasuring 25,000 square feet in Special Economic Zone at Sachin, Surat is set up on lease hold land, leased to our Company until 2085. The processing of rough and semi-processed stones is carried out at this facility. The facility is situated in a SEZ which provides tax benefits and its location allows it access to highly skilled workers. The facility has 26 polishing machines, 2 sarin machine, 6 auto brutters and 1 laser machine. Our facility is not fully utilised and there is room for expansion of production with addition of more equipment and labour in the future.

The installed capacity of the unit is 60,000 carats per annum, while we have produced 22,866 and 38,368 carats in the nine months period ended December 31, 2009 and the Fiscal 2009 which was a growth of 18.44% over Fiscal 2008. However, given our focus on processing large sized stones, the absolute amount of carat processed might not reflect the true picture. The total revenues generated by the facility increased from Rs. 14,432.77 lakhs in Fiscal 2008 to Rs. 29,292.79 lakhs in Fiscal 2009, an increase of 102.96%. The revenue generated per carat has increased from Rs. 44,582 in Fiscal 2008 to Rs. 76,306 in Fiscal 2009. For the nine months period ended December 31, 2009, the total revenue generated by the facility is Rs. 27,964.12 lakhs and revenue per carat is Rs. 122,296.80. Our diamond processing facility in Mumbai also processes diamonds for domestic sales besides providing polished diamonds for the jewellery making. The 2,000 square feet facility has 40 polishing machines, 2 sarin machines, 3 auto brutters and 1 laser machine and primarily processes larger sized stones. The Mumbai facility produced 13,985 and 21,036 carats for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively vis-à-vis 4,158 carat in Fiscal 2008.

Our Russia Subsidiary also has a manufacturing facility where we process some of the rough diamonds procured from the local auctions. The facility has 10 polishing machines, 1 sarin machine, 2 auto brutters and 1 laser machine.

The steps under diamond processing are as follows:



Sales

We sell processed diamonds to a regular set of customers which include jewellery manufacturers, traders & wholesalers and retailers. Of these, jewellery manufacturers account for a largest portion of our sales. We have built a strong relationship with our customers and major portion of our sales are repeat orders. Over the years, we have reduced our dependence on our top customer by building strong relations with a number of other customers.

Table 3: Top customers as % of Diamond Processing segment sales

Customer	Fiscal 2007	Fiscal 2008	Fiscal 2009	April-December, 2009
Top customer	28.8%	30.3%	16.7%	15.3%
Top 3 customers	49.0%	65.6%	48.3%	41.9%
Top 5 customers	50.4%	68.3%	74.1%	64.3%

We sell processed diamonds to countries like Hong Kong, South East Asia, USA and India. Over the years, we have reduced our export dependence on the US in light of the fall in demand and worsening credit terms. US accounted for 66.6% of sales in Fiscal 2007 vis-à-vis 15.5% in Fiscal 2009 and further to 12.7% for the nine months period ended December 31, 2009. South East Asia has emerged as a major market for our exports with sales of Rs. 15,943.89 lakhs and Rs. 15,902 lakhs for the nine months period ended December 31, 2009 and Fiscal 2009, respectively (Nil in Fiscal 2008). The region is largely untapped and besides having a strong local demand, it also serves as a base for re-exports to other countries.

Our sales are seasonal. The six months from October to March (second half) register the highest sales, accounting for 64.34 % of the annual sales in Fiscal 2009 and 79.33 % in Fiscal 2008. Almost all our major sales events like holiday season and Christmas, Diwali and the Wedding season fall during these two quarters. The third quarter in Fiscal 2009 accounted for 42.48 % of the annual sales while the fourth quarter accounted for 21.86%. For Fiscal 2010, the 3rd quarter accounted for sales of Rs. 13,430.52 vis-a-vis sales of Rs 29,795 lakhs for the nine months ending December 31, 2009.

Jewellery Manufacturing and Retail

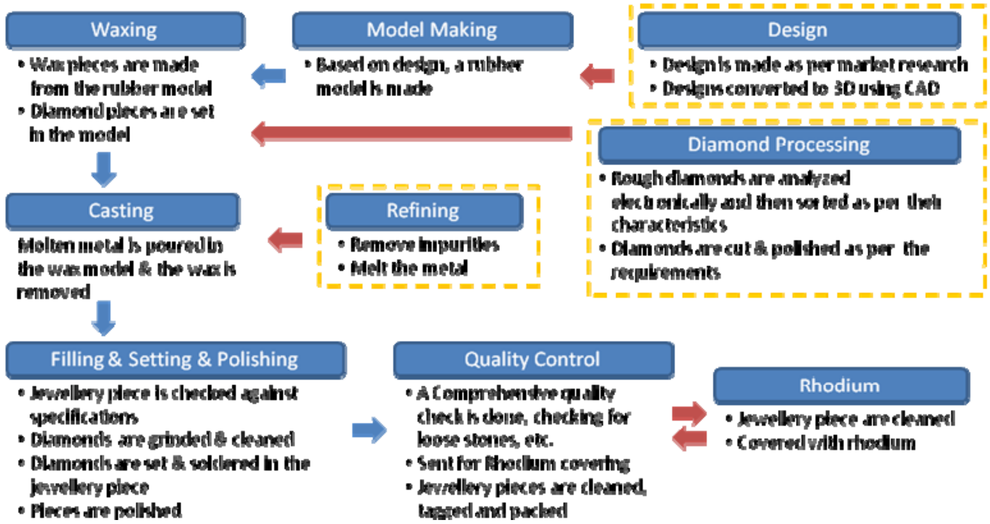
We manufacture diamond jewellery and retail it under our two brands – *G WILD* and *CERES*. Both the brands stock a large variety of products like necklaces, rings, pendants, bracelets, earrings, bangles, etc. We also wholesale diamond jewellery through our corporate office to other jewellery retailers, some select clients and our business associates. Our Jewellery Business segment contributed sales of Rs. 11,109.85 lakhs and Rs. 10,090.44 lakhs for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively.

Manufacturing

We currently have a unit in Mumbai for jewellery manufacturing. The unit is spread over built up area of approximately 2,000 square feet. The local diamond processing unit provides processed diamonds to the jewellery making.All process of jewellery making from designing of pieces to final finishing is done in-house. The lists of equipment in the jewellery manufacturing unit are as under:

Sl. No.	Equipment	Quantity Owned
1.	Ultrasonic Cleaner	2
2.	Rhodium Plating Plant	1
3.	Beaker Bath 3 beaker	1
4.	Single Beaker Bath	1
5.	Pen Plating Unit	10
6.	Steam Grnrator	2
7.	Ultrasonic Cleaner 750W	1
8.	Plating Pen	10
9.	Water Boiler	1
10.	Flash Gold Plater	1
11.	Double Station Polishing	6
12.	Vacuum Cleaner	2
13.	Lapping Machine	1
14.	Filling Table With Duct Collector	3
15.	Setting Table	7
16.	Ghat Table	40
17.	Grinding Motor	2
18.	Settling Tank 2 Tap	2
19.	Pneumatic Hamer	6
20.	Hydro Max	4
21.	Fordem Motor	10
22.	Micro Motor	12
23.	Magnetic Polisher 400 gm	1
24.	Magnetic Polisher 800 gm	1
25.	Ultrasonic Cleaner 500 W	1
26.	Wire & Sheet Rolling M/c	1
27.	Bangle & Ring Sizing M/c	1
28.	Sand Blasting Machine	1
29.	Stamping Machine Manual	1
30.	Micro Pava Setting M/c	1
31.	Refinery Unit	1

The jewellery manufacturing process is as follows:



Design: We have an extensive design bank and use software such as Jewel CAD & Rhinoceros for designing. The internal design team of our Company is headed by Ms. Maheep Kapoor, a designer of international repute. Besides our internal design team we also employ select freelance designers. The designs are selected by a 4 member committee according to the market trends and season.

Sales

The manufactured jewellery is sold under our two brands – *G WILD* and *CERES*. The brands were established only in Fiscal 2009. Since 2003 we have been wholesaling jewellery from our corporate office to select clientele, other retailers and our business associates.

G WILD**:** Under the *G WILD* brand, we sell diamond jewellery targeting the youth. The pieces are based on international and trendy designs and retail in the range of Rs. 10,000 to Rs. 5 lakh. We sell *G WILD* branded jewellery exclusively through company operated stores/franchisee/ship-in-shop. We currently have 5 *G WILD* stores – 3 company operated stores, 1 franchisee store and 1 shop in shop outlet, but going forward plan to expand our presence only through company operated stores. We established our first store in July 2008. *G WILD* clocked sales of Rs. 957.09 lakhs and Rs. 750.93 lakhs for the nine months period ended December 31, 2009 and Fiscal 2009, respectively.

We also hold regular exhibitions in order to increase brand publicity and also sell our branded jewellery. The cities where we have held exhibitions in the past include Kolkata, Ludhiana, Chandigarh, Delhi and Mumbai. We also sold *G WILD* branded jewellery worth Rs. 16.35 lakhs through various exhibitions.

CERES**:** The *CERES* branded diamond jewellery targets the high end consumer. The pieces are based on exclusive designs and retail starting from the range of Rs. 5 lakh. We launched our first *CERES* store in Mumbai in April 2009. For the nine months period ended December 31, 2009, we clocked sales of Rs. 2,944.25 lakhs in *CERES* through our retail store.

Given the nature of our retail business, we are able to generate high sales per square feet of retail space. The average monthly sales per square feet for our *G WILD* stores stood at Rs. 1,189.38 and Rs. 1,213.26 for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively. For Company operated stores, this number stood at Rs. 2,667.04 and Rs. 3,118.66 for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively. For CERES stores, the monthly sales per square feet stood at Rs. 33,381.50 for the nine months period ended December 31, 2009. We were able to earn operating margins of 18.35% and 14.64% for the nine months period ended December 31, 2009 and the Fiscal 2009, respectively in our jewellery business as the fixed costs as proportion of sales are low. The margins in retail are higher than the wholesale business.

To build further trust among the potential customers of *CERES*, we offer a buyback guarantee on all *CERES* products. This shall also help us in building long term relation with the customers.

Table 4: Roll-out and location of existing jewellery stores

Store Location	Operational Since	Operated as	Square Feet (Carpet Area)
G WILD*			
Chandigarh	July 2008	Franchisee	350
Worli, Mumbai	August 2008	Company operated	350
Lokhandwala, Mumbai	August 2008	Company operated	450
Gold Souk, Gurgaon	August 2008	Shop-in-shop	110
Ludhiana	February 2009	Company operated	500
CERES			
Bandra, Mumbai	April 2009	Company operated	980

**G WILD also had a shop-in-shop outlet in Delhi which was closed due to the closure of the mall in which it was located*

Table 5: Roll-out and location of planned jewellery stores

Brand	Fiscal 2011		Fiscal 2012
G WILD	Bangalore	Pune	Chennai
	Amritsar	Delhi	Kochi
	Chandigarh	Gurgaon	Guwahati
	Kolkata	Kanpur	Goa
		Indore	Jaipur
		Ahmedabad	
		Nagpur	
		Hyderabad	
CERES	Kolkata	Delhi	

Wholesale Jewellery

We sell primarily high end jewellery to select clientele consisting of business associates, acquaintances and other retailers through our corporate office. In Fiscal 2009, wholesale of high end jewellery amounted to Rs. 8,627.43 lakhs while other jewellery clocked sales of Rs. 112.04 lakh. For the nine month period ended December 31, 2009, we only sold high end diamond jewellery amounting to Rs. 7,208.51 lakhs.

Quality Certifications

In order to win the trust of our customers, we offer certifications from internationally renowned certification agencies for *CERES* brand. Majority of the diamonds used in *CERES* jewellery are certified by Gemological Institute of America (GIA). GIA is one of the largest and respected institutes of gemmological research. We also provide a quality certificate for our *G WILD* brand.

Marketing

We undertake marketing and advertising activities of the two brands separately given the different target audience.

G WILD being a designer collection of the exclusive jewellery is being targeted at the youth segment. Its target audience is very independent and fashion savvy. Hence we focus on such marketing medium which caters to the youth segment including newspapers and select magazines. We have also targeted the electronic medium, building the brand through select fashion channels. Going forward, we plan to undertake promotion of the brand through TV, print magazines, malls, radio, online adverts and billboards.

CERES is a brand that caters to the exclusive high-end super luxury goods buyer. Given the niche target audience, the brand promotion using the mass media is limited to only some high-end fashion magazines. Going forward, we plan to market *CERES* through select upmarket events and word of mouth publicity to promote the brand.

Employees

Skilled and motivated employee base has been a strength and source of our competitive edge. We provide ample opportunities and environment for potential performers to grow with increased responsibilities within our organization. We currently employ 172 full-time workers as on February 28, 2010. Of this, 40 are employed in our Surat manufacturing facility, 36 are employed in our jewellery manufacturing unit, 45 are employed in diamond processing unit in Mumbai, 19 are employed in our stores and 32 are office staff. The employees working in our manufacturing units are highly skilled and experienced and have the adequate expertise to deal with large sized stones. Further, we have recruited highly experienced retail staff to manage our retail operations. We monitor and evaluate their skill periodically and focus on gap based training calendar to enhance their skill to be aligned with company goals. We have full time human resources executive at the corporate office steering the human resources aspects *viz.* motivation skills and evaluation of performance and training and rewards for all locations.

Corporate Social Responsibility

The Goenka Charitable Trust is an organization dedicated to the service of the needy, destitute and the under privileged sections of the society. Founded by Mr. Nand Lal Goenka in the year 2007, the Trust aims to educate the poor artisans, farmers, rural weavers, unemployed youths and women of the state of Rajasthan.

Properties

Properties owned by Our Company

Sl. No.	Particulars	Area in square feet	Purpose
1.	Bharat Diamond Bourse, Bandra Kurla Complex, Mumbai	300	Office
2.	3rd Floor Space No. 1 Ganesham - I Jaipur on M. I Road, Jaipur	1,357	Residential
3.	Flat No 4, 1st floor, Mount unique Dr. G. D. Marg (Peddar Rd.), Mumbai	2,500	Residential
4.	Premise No. 1305/13th Floor Panchratna Bldg, Mama Parmanand Marg, Opera House, Mumbai	702	Corporate office
5.	Plot No. 225A, Block/ Survey No. 333(P) Village limits of Sachin, Taluka Choryasi, Dist – Surat	25,000	Manufacturing Facility

Properties taken on license/lease by our Company

Sl. No.	Particulars	Agreement Date and Lease period	Amount (Rs.)	Purpose
1.	Gala No. 24 Piramal Industrial Estate No. 4, S. V. Road,	June 1, 2007 for a period of 36 months	50,000 per month with annual increment of 5%	Manufacturing Facility for diamond

	Goregaon (W) Mumbai- 400026			
2.	Gala No. 15 Piramal Indl Estate No. 4 S. V. Road, Goregaon (W) Mumbai - 62	February 28, 2008 33 months w.e.f. Janaury 1, 2008	45,000 per month with increment of 5% every 11 months	Manufacturing Facility for jewellery
3.	Shop No. B/144 on 1st Floor, Atria Millennium Mall, Dr. A. B. Road, Worli, Mumbai- 400018	March 26, 2008 and supplemental agreement dated April 18, 2009 36 months w.e.f. May 1, 2008	1,00,000 per month	*G WILD* Store
4.	Shop No. 6 Ground Floor Sunswept CHS Plot No 353 of S. No. 41 (Pt.) Versova, Oshiwara, Andheri (W) Mumbai - 53	20 June 2008 36 Months w.e.f Jly 1, 2008	60,000 per month with annual increment of 5%	*G WILD* Store
5.	Sharma Building Upper Ground Floor, College Road, Civil Lines, Ludhiana.	2 Jan 2009 36 months w.e.f. 15 Jan 2009	70,000 per month	*G WILD* Store
6.	Shop no. 2. Ground Floor Makhija Chambers CHS Plot Bearing 196 Turner Road, Bandra, Mumbai - 50	10 Sep 2008 60 months w.e.f. September 1, 2008	200,000 per month	*CERES* Store
7.	Flat measuring 1029 square feet, 3rd Floor, 512, SVP Road Mumbai- 400 004	October 1, 2009	75,000 per month	Retail Office
8.	Flat measuring 910 square feet, 3rd Floor, 512, SVP Road, Mumbai – 400 004	October 1, 2009	75,000 per month	Retail Office
9.	Flat measuring 1029 square feet, 3rd Floor, 512, SVP Road, Mumbai – 400 004	October 1, 2009	82,000 per month	Retail Office

Insurance Policies

Our Company has taken a jewellery block policy. We are covered fully except building, furniture & fixture in the premises. The insurance policies are reviewed periodically to ensure that the coverage is adequate. The details of the policy are below:

Particulars	Amount in lakhs
Stock on Premises	4000.00
Cash on premises	10.00
Stock in custody of partner, directors, employees or duly constituted attorneys	200.00
Stock in custody of brokers, agents, cutter and goldsmiths	100.00
Cash in custody of Employees whilst in transit to the Bank and vice versa & collection deliveries within the city limits.	10.00
Fidelity Guarantee	20.00

The insurance cover is provided for all the facilities of the company, including its corporate office, stores and manufacturing facilities. Apart from above company takes separate coverage for each separate activity like transit insurance, insurance of Exhibitions, among others.

Currency Risk Mitigation

Given our business model, we book a substantial portion of our revenues and expenditures in foreign currency primarily dollars. As our local sales of jewellery have increased, our exposure as percentage of revenues has declined even as it has increased at absolute levels. Going forward, as we expand our Russian operations we would be exposed to risk from volatility in the Rouble.

For the nine months period ended December 31, 2009 and Fiscal 2009, foreign currencies accounted for 68.36% and 79.93% of our revenues respectively and 68.86% and 76.65% of our purchases respectively. As major portion of both our revenues and expenditures are in foreign currency, our net exposure is generally limited. We generally enter into forward contracts to cover this foreign currency exposure. As on December 31, 2009, our net exposure in foreign currency stood at Rs. 11,522.77 lakhs and we do not have any outstanding forward contracts.

Intellectual Property Rights

CERES and *G WILD* our main brands are registered with the trade mark registry. In addition there are six trademarks application made by our Company, which are pending registration. For details with respect to the intellectual property of our Company refer to section titled "Government and Other Approvals" on page 153.

Competition

We face competition in both our diamond processing and jewellery business segments. In the diamond processing segment, there are a number of well established players in the market like Gitanjali Gems, Suashish Diamond, Su-Raj Diamond, Shrenuj & Co., among others. Majority of them primarily process small sized stones.

We face competition from both the organized and unorganized sector in jewellery retail. However, very few brands like Tanishq and Gitanjali are well entrenched in the market. We also face competition in some regions from regional players like Tribhovandas Bhimji Zaveri.

REGULATIONS AND POLICIES IN INDIA

There are no specific regulations governing the gems and jewellery industry in India. Set forth below are certain significant legislations and regulations that generally govern this industry in India:

General

Our Company is engaged in the business of diamond processing, diamond trading and jewellery manufacturing & retail. Our operations include sourcing of rough diamonds from primary and secondary sources, functioning as secondary source suppliers of diamonds in the international and domestic market, cutting and polishing of rough diamonds for sale to wholesalers and retailers and the manufacture and sale of diamond and other jewellery through our retail chain.

Foreign Investment

Under the applicable industrial policy and extant foreign direct investment policy, foreign direct investment up to 100% is permitted in the gems and jewellery industry.

Investment by Foreign Institutional Investors

Foreign institutional investors ("**FIIs**") including institutions such as pension funds, investment trusts, asset management companies, nominee companies and incorporated, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under Foreign Exchange Management Act, 2000. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable a registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions of FIIs

Under the portfolio investment scheme, the overall issue of equity shares to FIIs on a repatriation basis should not exceed 24% of post-issue paid-up capital of the company. However, the limit of 24% can be raised up to the permitted sectoral cap for that company after approval of the board of directors and approval of the shareholders of the company by way of a special resolution. The holding of equity shares of a single FII should not exceed 10% of the post issue paid-up capital of the Company. In respect of an FII investing in equity shares of a company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of that company.

Environmental and Labour Regulations

Depending upon the nature of the activities undertaken by our Company, applicable environmental and labour laws and regulations include the following:

- Contract Labour (Regulation and Abolition) Act, 1970;
- Factories Act, 1948;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;

- Shops and Commercial Establishments Acts, where applicable;
- Environment Protection Act, 1986;
- Water (Prevention and Control of Pollution) Act, 1974;
- Air (Prevention and Control of Pollution) Act, 1981; and
- Minimum Wages Act, 1948.

Foreign Trade Policy 2004-2009

The revised foreign trade policy in India for the period 2004-2009 is the first notified comprehensive foreign trade policy. The initiatives identified with the new foreign trade policy have a special focus on sectors such as the gems and jewellery, agriculture, handicrafts, handlooms and leather and footwear. Some salient features of the foreign trade policy in respect of the gems and jewellery sector are as follows:

- duty free import entitlement (based on free on board value of exports during previous financial year) of consumables, tools, machinery and equipments for:

  1. Jewellery made out of:
     a. precious metals (other than gold and platinum) - 2%
     b. gold and platinum - 1%
     c. rhodium finished silver - 3%
  2. Cut and polished diamonds - 1%

- duty free import entitlement of commercial samples shall be Rs. 300,000;
- duty free re-import entitlement for rejected jewellery shall be 2% of the free on board value of exports; and
- Import of gold of 18 carat and above shall be allowed under the replenishment scheme.

Special Economic Zone ("SEZ")

Special Economic Zones Act, 2005 (the "SEZ Act")

SEZs are regulated and governed by the SEZ Act. The SEZ Act has been enacted for the establishment, development and management of the SEZs for the promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs.

Initially, India had introduced the concept of the SEZ as a part of its foreign trade policy, 2000. This concept embodied Fiscal and regulatory concessions, which formed part of various laws, for example, Customs Act, 1962 Income-Tax Act, 1961 and Central Excise Act, 1944. Due to its relatively complex legal framework, it was unable to attract significant private investment and as a result the SEZ Act was enacted.

A board of approval ("**SEZ Board**") has been set up under the SEZ Act, which is responsible for promoting the SEZ and ensuring its orderly development. The SEZ Board has a number of powers including the authority to approve proposals for the establishment of the SEZ, the operations to be carried out in the SEZ by the developer, the foreign collaborations and foreign direct investments.

The Special Economic Zone Rules, 2006 (the "SEZ Rules")

The SEZ Rules, 2006 have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide for a simplified procedure for a single window clearance from central and state governments for setting up of SEZs and a 'unit' in SEZ. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, for setting up and conducting business therein with an emphasis on 'self certification' and the terms and conditions subject to which entrepreneur and developer shall be entitled to exemptions, drawbacks and concessions etc. The SEZ Rules also provide for the minimum area requirement for various categories of SEZs.

The developer and/or a co-developer as the case may be is required to have at least 26 percent of the equity in the entity proposing to create business, residential or recreational facilities in a SEZ in case such development is proposed to be carried out through a separate entity or special purpose vehicle being a company formed and registered under the Companies Act.

State SEZ Policies

Various states including the states of Gujarat, Maharashtra, Tamil Nadu and Rajasthan have their own state SEZ policies. The state SEZ policies prescribe the rules in relation to the various environmental clearances, water and power supply arrangements, state taxes, duties, local taxes and levies and we are required to follow the state policy in addition to any central policies.

Some of the major benefits available to units set up in SEZs include:

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units;
- 100% income tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act, 1961 for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years;
- Exemption from central sales tax; and
- Exemption from service tax.

Gem and Jewellery Export Promotion Council

The Government of India has designated the Gem and Jewellery Export Promotion Council ("**GJEPC**") as the importing and exporting authority in India in keeping with its international obligations under Section IV(b) of the Kimberley Process Certification Scheme ("**KPCS**"). The KPCS is a joint government, international diamond and civil society initiative to stem the flow of conflict diamonds, which are rough diamonds used by rebel movements to finance wars against legitimate governments. The KPCS comprises participating governments that represent 99.8% of the world trade in rough diamonds. The KPCS has been implemented in India from January 1, 2003 by the Government of India through communication No. 12/13/2000-EP (GJ) dated November 13, 2002. The GJEPC has been notified as the nodal agency for trade in rough diamonds under para 2.2, chapter 2 of the foreign trade policy (2004-2009). Accordingly, the verification and issuance of KPCB certificates is administered though the Mumbai and Surat offices of GJEPC.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was incorporated on November 5, 1990 as "Goenka Exports Private Limited", a private limited company under the Companies Act. With effect from July 1, 1997, our Company became a "deemed public company" by virtue of section 43(A) of the Companies Act and ceased to be a private company. Subsequently by a shareholders resolution dated January 29, 2002, our Company became a public company and a fresh certificate of incorporation, in the name of "Goenka Exports Limited" was issued by the Registrar of Companies, Rajasthan, situated at Jaipur (the "RoC") on January 30, 2002. The name of our Company was changed to "Goenka Exports Private Limited" following a special resolution in the extraordinary general meeting held on November 29, 2004 and a fresh certificate of incorporation was issued by the RoC on December 10, 2004. Our Company changed its name to "Goenka Diamond and Jewels Private Limited" pursuant to a special resolution at the extraordinary general meeting held on March 21, 2008. A fresh certificate of incorporation was issued by the RoC on March 27, 2008. By a resolution dated April 15, 2008, our Company was converted into a public limited company and its name was changed to its present name "Goenka Diamond and Jewels Limited". A fresh certificate of incorporation was issued by RoC on May 15, 2008 consequent to change of name on conversion to public limited company.

Our Company is promoted by Mr. Nand Lal Goenka who has over 40 years of experience in the gems and jewellery business and his sons, Mr. Navneet Goenka and Mr. Nitin Goenka.

Our Company is in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. We were initially in the business of export of coloured stones and have since then expanded into diamond trade in 1994 and manufacturing of diamond studded jewellery in 2003. Our manufacturing activity was boosted in 2006 after we established our own diamond processing unit at SEZ in Surat for processing of rough diamonds. In 2007, we also set up a facility for processing of rough diamonds in Mumbai to cater to the local market and for manufacturing diamond jewellery. We scaled up our diamond jewellery operations by establishing a dedicated manufacturing facility in Mumbai and launched our first jewellery retail store in July 2008.

For details with respect to description of activities, services, products, market of each segment, the growth of the Company, exports and profits due to foreign operations together with the country wise analysis, the standing of the Company with reference to prominent competitors with reference to its products, management, major suppliers and customers, segment refer section titled "Our Business" on page 66.

Changes in the Registered Office

Since incorporation, our registered office has been situated at 401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur- 302003, Rajasthan, India.

Major Events and Milestones

Calendar Year	Events
1994	Corporate office established in Mumbai
2002	Entered into diamond cutting and polishing business
2003	Commenced manufacturing of diamond studded jewellery
2006	A state of art factory for cutting and processing diamonds was started in a Special Economic Zone unit at Sachin, Surat
2007	Commenced jewellery manufacturing and diamond cutting and production unit at Goregaon, Mumbai
	"Two Star Export House" accreditation awarded by the Ministry of Commerce
2008	Acquired M. B. Diamonds LLC
	ISO 9001:2000 certification
	Launched *"G WILD" and "CERES"* jewellery brands
	Set up exclusive *G WILD* retail stores
2009	Set up exclusive *CERES* retail store

Shareholders of our Company

As on the date of filing this Red Herring Prospectus:

Sl. No.	Shareholder	No. of Equity Shares held	Pre Issue %
1.	Mr. Nand Lal Goenka	98,55,000	44.13
2.	Mr. Nitin Goenka	40,97,625	18.35
3.	Mr. Navneet Goenka	39,15,375	17.53
4.	Nand Lal Goenka –HUF	15,96,000	15.31
5.	Ms. Nirmala Goenka	10,35,000	4.63
6.	Ms. Bhawna Goenka	2,250	0.01
7.	Ms. Neeta Saraf	1,875	0.01
8.	Ms. Namita Jain	1,875	0.01
Total		**2,23,29,000**	**100.00**

As on the date of filing the Red Herring Prospectus, our Company has eight shareholders. Details with respect to shareholding, Promoters etc. of our Company, refer to section titled "Capital Structure" on page 32.

Main Objects

The main object of our Company as contained in our Memorandum is:

To manufacture, purchase or otherwise acquire and sell, dispose of, import, export, exchange, hold and deal in diamonds, gems and stones (including "Kharad") whether precious or semi precious, synthetic or imitation, bullion, ornaments, jewellery consisting wholly or partly of gems and stones, precious metal and articles made there from, pearls, whether real or cultured, historical coins, handicrafts goods, curious articles, antiques, garments and textile products.

Amendments to our Memorandum

The following changes have been made to our Memorandum since incorporation:

Date of Shareholders' Approval	Amendment
February 14, 2000	**Alteration of capital clause** Clause V of our Memorandum was amended to incorporate the change in the authorized share capital of our Company. The authorized share capital of our Company increased from Rs. 5,00,000 divided into 5,000 Equity Shares of Rs. 100 each to Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100 each.
January 29, 2002	**Alteration of name clause in MoA** Our Memorandum has been amended pursuant to change of name of our Company from "Goenka Exports Private Limited" to "Goenka Exports Limited".
November 29, 2004	**Alteration of name clause in MoA** Our Memorandum has been amended pursuant to change of name of our Company from "Goenka Exports Limited" to "Goenka Exports Private Limited".
March 21, 2008	**Alteration of name clause in MoA** Our Memorandum has been amended pursuant to change of name of our Company from "Goenka Exports Private Limited" to "Goenka Diamond and Jewels Private Limited".
March 21, 2008	**Alteration of capital clause** Clause V of our Memorandum was amended to incorporate the change in the authorized share capital of our Company. The authorized share capital of the Company increased from

Date of Shareholders' Approval	Amendment
	Rs. 1,00,00,000 divided into 1,00,000 Equity Shares of Rs. 100 each to Rs. 12,00,00,000 divided into 12,000,000 Equity Shares of Rs. 10 each. Further in the same shareholders resolution the Equity Shares of nominal value of Rs. 100 each in the share capital of our Company was divided into ten equity shares of Rs. 10 each.
April 15, 2008	**Alteration of name clause in MoA** Our Memorandum has been amended to substitute the name of our Company from "Goenka Diamond and Jewels Private Limited" to Goenka Diamond and Jewels Limited".
July 31, 2009	**Alteration of capital clause** Clause V of our Memorandum was amended to incorporate the change in the authorized share capital of our Company. The authorized share capital of the Company increased from Rs. 12,00,00,000 divided into 1,20,00,000 Equity Shares of Rs. 10 each to Rs. 33,00,00,000 divided into 3,30,00,000 Equity Shares of Rs. 10 each.

Subsidiary

Our Company has one Subsidiary the details of which are disclosed below:

M.B. Diamonds ("MBD")

MBD was incorporated on October 25, 2005 under the civil code of Russian Federation as a limited liability company. The registered office of MBD is situated at 125493, Smolnaya Str, 12, Office 24(i). MBD is currently engaged in the business of treatment of diamonds, precious and semi-precious stones, manufacture of jewellery, trading, retailing, exporting and importing of the aforesaid precious stones and metals.

Equity shareholding as on February 28, 2010

Name of the shareholders	No. of equity shares	% shareholding
Goenka Diamonds and Jewels Limited	9,500	95.00
Mr. Neeraj Jain	500	5.00
Total	**10,000**	**100.00**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

Directors as on February 28, 2010

Mr. Neeraj Jain is the only director of MBD.

Financial performance

The audited financial results of MB Diamonds LLC for the last two years are as follows:

(Rs. lakhs except for share data)

	December 31, 2008	December 31, 2009
Sales and other income	506.61	439.72
Profit/(Loss) after tax	(33.25)	4.75
Equity capital	0.17	0.17
Preference share capital	00.00	00.00
Earnings per share (Rs.)	(332.48)	47.53
Book value per equity share (Rs.)	(414.80)	(330.56)
Reserves and Surplus	(41.65)	(33.22)

MBD is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It is not under winding up, however it has negative net worth for fiscal 2006, 2007 and 2008.

Accumulated profit/ loss not account for

The amount of accumulated losses of the Subsidiary not accounted for by our Company is Rs. 33.06 lakhs. We have made an investment of Rs. 2.03 lakhs in the Subsidiary. As the Subsidiary is a limited liability company, our loss is limited to the extent of our investment in the Subsidiary

Shareholders and other agreements

Our Company has not entered into any shareholders agreement with any party. Further our Company has not entered into any other material contracts other than contracts entered into in the ordinary course of business.

Strategic and financial partner

Our Company does not have any strategic or financial partner.

OUR MANAGEMENT

Under our Articles, our Company is required to have not less than three directors and not more than twelve directors. Our Company currently has six Directors on its Board. The Chairman of our Board is an executive Director and in compliance with the requirements of clause 49 of the listing agreement, our Company has three executive Directors and three independent Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Red Herring Prospectus.

Name, Designation, Father's Name, Address, Occupation and Nationality and Term	DIN	Age	Directorships in other companies
Mr. Nand Lal Goenka *Designation:* Chairman *Father's Name:* Mr. Shubh Karan Goenka *Residential Address:* C-114, Shiwaji Marg, Tilak Nagar, Jaipur – 302 004, India *Occupation*: Business *Nationality:* Indian *Term:* Non-retiring Director	00125281	60	1. Geet Holdings Private Limited; 2. Sonam Complex Private Limited; 3. Yash Complex Private Limited; 4. Goenka Diamonds Private Limited; 5. Goenka Entertainments Private Limited; 6. Goenka Properties Private Limited; 7. Goenka Infra Projects Private Limited; and 8. Goenka Infra Builders Private Limited.
Mr. Navneet Goenka *Designation:* Vice Chairman- Managing Director *Father's Name* Mr. Nand Lal Goenka *Residential Address* Flat No. 3, First Floor, Mount Unique, 62A, Dr. G.D. Marg, Peddar Road, Mumbai – 400 026 *Occupation*: Business *Nationality:* Indian *Term:* Non-retiring Director	00164428	33	1. Geet Holdings Private Limited; 2. Sonam Complex Private Limited; 3. Yash Complex Private Limited; 4. Goenka Diamonds Private Limited; 5. Goenka Entertainments Private Limited; 6. Goenka Properties Private Limited; 7. Goenka Infra Projects Private Limited; and 8. Goenka Infra Builders Private Limited.

Name, Designation, Father's Name, Address, Occupation and Nationality and Term	DIN	Age	Directorships in other companies
Mr. Nitin Goenka *Designation:* Managing Director *Father's Name* Mr. Nand Lal Goenka *Residential Address* C-114, Shiwaji Marg, Tilak Nagar, Jaipur – 302 004, India *Occupation*: Business *Nationality:* Indian *Term:* Liable to retire by rotation	00126592	29	1. Goenka Entertainments Private Limited; 2. Goenka Properties Private Limited; 3. Goenka Infra Projects Private Limited; and 4. Goenka Infra Builders Private Limited.
Dr. A.C. Shah *Designation:* Independent Director *Father's Name:* Mr. Chunilal Nathjidas Shah *Residential Address:* C-1/2, Llyods Garden, Appasaheb Marathe Marg, Prabhadevi, Mumbai-400025, India *Occupation*: Business *Nationality:* Indian *Term:* Liable to retire by rotation	00022612	75	1. Adani Enterprises Limited; 2. Elecon Engineering Limited; 3. S. Kumar Nationwide Limited; 4. Brandhouse Retails Limited; 5. Benchmark Trustee Company Private Limited; 6. Goldcrest Finance (India) Limited; and 7. Gujarat Petrosynthese Limited.
Mr. Vijay G. Kalantri *Designation:* Independent Director *Father's Name:* Mr. Govershandas Kalantri *Residential Address:* 2, Wahedna Apartments, 75, Hill Road, Bandra (W), Mumbai-400 050, India *Occupation*: Business *Nationality:* Indian *Term:* Liable to retire by rotation	00019510	60	1. Balaji Infra Projects Limited; 2. Dighi Port Limited; 3. Dighi Project Development Co. Limited; 4. Dighi Rail Infrastructure Limited; 5. Hindustan Housing Finance & Development Corporation Limited; 6. Sovereign Diamonds Limited; 7. VIP Industries Limited; 8. Man Industries (I) Limited; 9. Vindyachal Hydro Power Limited; 10. SAB Industries Limited; 11. Zicom Security Systems Limited 12. Gannon Dunkerley & Co. Limited; 13. Shree Ram Urban Infrastructure Limited; and 14. S. Kumars Nationwide Limited.

Name, Designation, Father's Name, Address, Occupation and Nationality and Term	DIN	Age	Directorships in other companies
Mr. S.N. Sharma *Designation:* Independent Director *Father's Name:* Mr. Late Mr. Sukhdeo Singh *Residential Address:* 51, Nymph, 2-B, Narayan Dabholkar Road, Malabar Hills, Mumbai- 400 006. *Occupation*: Business *Nationality:* Indian *Term:* Liable to retire by rotation	00183424	74	Diamond & Gem Development Corporation Limited.

Brief profile of our Directors

Mr. Nand Lal Goenka, 60 years, is the Chairman of our Company. He is the founder member of our Company and has been with our Company as a Director since the time of incorporation. On October 28, 2002, he was appointed as a whole time Director and on April 15, 2008, he was appointed as the Chairman of our Company till March 31, 2013. He holds a graduate degree in chemicals from Rajasthan University, Jaipur. Mr. Nand Lal Goenka has approximately 40 years of experience in the jewellery export, retail and designing business. Mr. Nand Lal Goenka was honoured with 'National Unity Award' by the Governor of Rajasthan on June 26, 1993 for outstanding services, achievements and contributions at the 34th All India National Unity Conference in Jaipur. Mr. Nand Lal Goenka was also the first jeweller whose achievements in the gems and jewellery sector were featured in national television in 1992, in a programme titled - "The Face in the Crowd". Mr. Goenka was the vice president of Federation of Rajasthan Trade and Industry, which consists of 160 trade associations as its members. As the founder member of our Company, Mr. Nand Lal Goenka is in charge of planning and executing the growth strategy of our Company. He also looks after the general administration of our Company and is in charge of procuring raw materials required by our Company.

Mr. Navneet Goenka, 33 years, is the Vice-Chairman and Managing Director of our Company. He was appointed as an additional Director of our Company on December 9, 1994 and appointed as Director of our Company in the AGM of our Company dated September 29, 1995. On October 28, 2002, he was appointed as a whole time Director of our Company and on April 15, 2008, he was appointed as the vice-Chairman and managing Director of our Company till March 31, 2013. He is a commerce graduate from the Mumbai University and has a graduate diamonds diploma from the Gemological Institute of America, New York. Mr. Navneet Goenka has approximately 16 years of experience in the jewellery export, retail and designing business. He had joined our Company at a very young age and has been contributing to its growth since then. He is the chief financial officer of our Company and also heads the export-import department and the production activities of our Company. Further, Mr. Navneet Goenka also takes care of the all the matters relating to the Subsidiary of our Company.

Mr. Nitin Goenka, 29 years, is the managing Director of our Company. He was appointed as an additional Director of our Company on April 1, 2002 and appointed as Director of our Company in the AGM dated September 30, 2002. On October 28, 2002, he was appointed as a whole time Director and on April 15, 2008, he was appointed as the managing Director of our Company till March 31, 2013. He holds Bachelor's in Business Administration from Pace University, New York with majors in Management Information System and Retail Marketing. He also holds a diploma in diamond grading and jewellery designing from Gemological Institute of America, New York. Mr. Nitin Goenka has approximately ten years of experience in the jewellery export, retail and designing business. He had joined our Company very early and has been contributing to its growth since then. Mr. Nitin Goenka is in charge of promotions, branding, jewellery production and designing departments of our Company.

Dr. A.C. Shah, 75 years, is a non executive and independent Director of our Company. He has been appointed as the independent Director of our Company on July 31, 2009. He holds a B.A (Honours) degree from, St. Xavier's College, Mumbai, a master's degree in arts and a doctorate in economics from the University of Mumbai. He has over 30 years of experience in banking sector. He retired as the chairman and managing director of Bank of Baroda on February 1993. He has also been a director of many leading institutions such as Unit Trust of India, Discount and Finance House of India, Small Industries Development Bank of India, Industrial Reconstruction Bank of India, Agricultural Finance Corporation. He was also the chairman of ANVIL, a housing subsidiary of Bank of Baroda and the deputy chairman of Indian Banks Association. He was also a member of governing board of the National Institute of Bank Management and Indian Institute of Bankers. Since his retirement, he has held various positions of responsibility such as advisor to Unit Trust of India, director of the supervisory board of the National Bank of Agriculture and Rural Development, trustee of Lilavati Hospital.

Mr. Vijay G. Kalantri, 60, is a non executive and independent Director of our Company. He has been appointed as the non executive Director of our Company on July 31, 2009. He holds Government Commercial Diploma and textile diploma from Synthetic and Art Silk Mills Research Association, Mumbai. He is an industrialist and has over 40 years of experience in textiles, leasing finance and infrastructure development. He is the President of All India Association of Industries, Indian Council of Foreign Trade, Indo-Polish Chamber of Commerce and Industry. He is also a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance Committee of SEBI and Central Council of Customs and Exercise. He is also on the national advisory board member for Small Industrial and Development Bank of India and Employees State Insurance Corporation. He also served as director of many institutions such as the Maharashtra Small Scale Industries Development Corporations Limited, Dena Bank and Canara Bank. He also won "Commander Cross of the Order Of Merit" the highest civilian award by the government of Poland.

Mr. S.N. Sharma, 74 years, is a non executive and independent Director of our Company. He has been appointed as an independent Director of our Company on July 31, 2009. He holds a mining engineering degree from Indian School of Mines, Dhanbad. He started his career as coal mines manager in Dhanbad in July 1956. He also worked as chief mining engineer with 'Fertilizer Corporation of India' for over 10 years from April 1963 to March 1973. In 1978, he was specifically selected by the Government of India, to work on the formation of a joint venture company namely 'Hindustan Diamond Company', with De Beers Consolidated Limited, and became its first chairman and managing director, a post which he held for 14 years till 1991. He has promoted many research and development activities like new and non polluting techniques in diamond and gemstone cutting and polishing. He is currently the chairman and managing director of Diamond and Gem Development Corporation Limited, the developer and operator of Surat Special Economic Zone one of the first private sector Special Economic Zones in India. He is also the president of SEZ Developers' Association of India. In recognition of his services to promoting bi-lateral relations between India and Republic of Angola, the Government of Angola has conferred upon him the honour of representing Angola in Mumbai as the Honorary Consul General of Angola for the states of Maharashtra, Gujarat and Goa. In this capacity, Mr. Sharma has been working towards development of economic ties between India and Angola. He is also President of the "Indo-Angola Chamber of Commerce & Industry". He has also published two books titled "Where Have We Gone Wrong" in English and "Hum Bhatke Kahan" in Hindi released by Shri. L K. Advani in the year 1994.

Relationships between Directors

Expect for Mr. Nand Lal Goenka, who is the father of Mr. Navneet Goenka and Mr. Nitin Goenka, and Mr. Navneet Goenka and Nitin Goenka who are brothers, none of our other directors are related to each other.

Remuneration details of our Directors:

Mr. Nand Lal Goenka was appointed as the Chairman of the Board pursuant to a resolution of our Board dated March 29, 2008, which was subsequently confirmed by the shareholders of our Company at the AGM held on April 15, 2008. Mr. Nand Lal Goenka has been appointed as Chairman till March 31, 2013. Pursuant to an agreement dated April 21, 2009 entered into by our Company with Mr. Nand Lal Goenka, the remuneration payable to him has been determined, with effect from April 1, 2009 for a period of four years. Under the agreement, no benefits are payable by our Company to Mr. Nand Lal Goenka, upon termination of directorship. The remuneration payable to him is Rs. 1,25,000 per month and the details of remuneration payable to him include the following:

Particulars	Remuneration (in Rupees)
Basic Salary	1,00,000
House Rent Allowance	25,000

Mr. Navneet Goenka was appointed as the vice chairman and Managing Director pursuant to a resolution of our Board dated March 29, 2008 which was subsequently confirmed by the shareholders of our Company at the AGM held on April 15, 2008. Mr. Navneet Goenka was appointed as Managing Director till March 31, 2013. Pursuant to an agreement dated April 21, 2009 entered into by our Company with Mr. Navneet Goenka, the remuneration payable to him has been determined, with effect from April 1, 2009, for a period of four years. Under the agreement, no benefits is payable by our Company to Mr. Navneet Goenka, upon termination of directorship. The remuneration payable to him is Rs. 1,00,000 per month and the details of remuneration payable to him include the following:

Particulars	Remuneration (in Rupees)
Basic Salary	80,000
House Rent Allowance	20,000

Mr. Nitin Goenka was appointed as the managing Director pursuant to a resolution of our Board dated March 29, 2008 which was subsequently confirmed by the shareholders of our Company at the AGM held on April 15, 2008. Mr. Nitin Geonka was appointed as managing Director till March 31, 2013. Pursuant to an agreement dated April 1, 2009 entered into by our Company with Mr. Nitin Goenka, the remuneration payable to him has been determined, with effect from April 1, 2009 for a period of four years. Under the agreement, no benefits is payable by our Company to Mr. Nitin Goenka, upon termination of directorship. The remuneration payable to him is Rs. 1,00,000 per month and the details of remuneration payable to him include the following:

Particulars	Remuneration (in Rupees)
Basic Salary	80,000
House Rent Allowance	20,000

Shareholding of Directors in our Company

As on date of filing the Red Herring Prospectus, the shareholding of the Directors in our Company is as below:

Sl. No.	Shareholder	No. of Equity Shares held	Pre Issue %
1.	Mr. Nand Lal Goenka	98,55,000	44.13
2.	Mr. Nitin Goenka	40,97,625	18.35
3.	Mr. Navneet Goenka	39,15,375	17.53
	Total	**178,68,000**	**80.01**

Our Directors do not hold any qualification shares in our Company. For details of shareholding of our in our Company, see the section titled “Capital Structure” on page 32.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Some of our Directors are also the Promoters of our Company. Hence, such Directors may also deemed to be interested to the extent of Equity Shares, already held by them or by their relatives in our Company, and also to the extent of any dividend payable to them or other distribution in respect of Equity Shares.

For details with respect to shareholding of our Promoters/Directors refer to section titled “Capital Structure” and “Our Management” on on page 32 and 90, respectively..

Some of our Directors have entered into leave and license agreements with us:

(1) Mr. Nand Lal Goenka has entered into a leave and license agreement dated October 1, 2009 with us, where we have been granted a license to use a flat measuring 1029 square feet on the third floor, Parikh Mansion, SVP Road Mumbai- 400 004, for a period of 2 years. In terms of the agreement, we are required to deposit a sum of Rs. 0.5 lakhs as security deposit and pay a sum of Rs. 0.82 lakhs as rent per month.

(2) Mr. Navneet Goenka has entered into a leave and license agreement dated October 1, 2009 with us, where we have been granted a license to use a flat measuring 1029 square feet on the third floor, Parikh Mansion, SVP Road Mumbai- 400 004, for a period of 2 years. In terms of the agreement, we are required to deposit a sum of Rs. 0.5 lakhs as security deposit and pay a sum of Rs. 0.75 lakhs as rent per month.

(3) Mr. Nitin Goenka has entered into a leave and license agreement dated October 1, 2009 with us, where we have been granted a license to use a flat measuring 910 square feet on 512, SVP Road Mumbai- 400 004, for a period of 2 years. In terms of the agreement, we are required to deposit a sum of Rs. 0.5 lakhs as security deposit and pay a sum of Rs. 0.75 lakhs as rent per month.

Other than as stated above, our Directors have no interest in any property acquired by our Company or our Subsidiary within two years of the date of filing of this Red Herring Prospectus or presently intended to be acquired by our Company or our Subsidiary as disclosed in this Red Herring Prospectus.

Except as stated in the section titled “Financial Statements – Related Party Transactions” on page F-41, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Changes in our Board during the last three years

The following changes have occurred in our Board of Directors of the Company in the last three years:

Name of Director	Date of Appointment / Re-appointment	Date of cessation	Reason
Ms. Nirmala Goenka	December 9, 1994	April 17, 2008	Resignation
Dr. A.C. Shah	July 31, 2009	-	Appointed as independent director
Mr. Vijay G. Kalantri	July 31, 2009	-	Appointed as independent director
Mr. S.N. Sharma	July 31, 2009	-	Appointed as independent director

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance and the ICDR Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with clause 49 of such listing agreement, particularly, in relation to appointment of independent Directors to our Board and constitution of the audit committee, the investor grievance committee and the remuneration committee. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Currently our Board has six Directors, of which the Chairman of the Board is an executive Director and in compliance with the requirements of clause 49 of the listing agreement, our Company has three executive Directors and three independent Directors.

In terms of the clause 49 of the listing agreement, our Company has constituted the following committees:

(a) Audit Committee;
(b) Shareholders/ Investor Grievance Committee; and
(c) Remuneration Committee.

Audit Committee

The audit committee was constituted by the Board on August 1, 2009 ("**Audit Committee**"). The Audit Committee comprises:

Name of the Directors	Designation
Dr. A. C. Shah	Chairman
Mr. Vijay G. Kalantri	Member
Mr. S.N. Sharma	Member

Scope and terms of reference:

(a) Oversight of our Company's financial process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of the audit fees.

(c) Approval of payment to the statutory auditor for any other services rendered by the statutory auditors.

(d) Reviewing with the management, the annual financial statement before submission to the Board for approval, with particular reference to:

    (i) Matters required to be included in the Directors' responsibility statement which forms part of the Directors' report pursuant to clause 22A of section 217 of the Companies Act;

    (ii) Changes, if any, in accounting policies and practices and reasons for the same;

    (iii) Major accounting entries involving estimates based on the exercise of judgement by management;

    (iv) Significant adjustments made in the financial statements arising out of audit findings;

    (v) Disclosure of any related party transactions; and

    (vi) Qualification in the draft audit report.

(e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

(f) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

(g) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(h) Reviewing the adequacy on internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(i) Discussion with the internal auditors on any significant findings and follow up thereon.

(j) Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of material nature and reporting the matter to the board.

(k) Discussion with the statutory auditor before audit commences, about the nature and scope of audit as well as a post audit discussion to ascertain in any area of concern.

(l) To look into the reasons for substantial defaults in the payment to depositors, debenture holders shareholders (in case of default in payment of declared dividend) and creditors.

(m) To review the functioning of the whistle blower policy mechanism, if any, adopted and framed from time to time.

(n) Carrying out any other functions of the whistle blower policy mechanism, if any, adopted and framed from time to time.

(o) Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee from time to time.

(p) Any other activities as may be covered within the gamut of scope of Audit Committee by any statutory enactment(s) from time to time.

Power of the Audit Committee will include:

(a) To investigate any activity within its terms of reference.

(b) To seek information from any employee.

(c) To obtain outside legal or other professional advice.

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by Audit Committee:

(a) Management’s discussion and analysis of financial conditions and results of operations.

(b) Statement of significant related party transactions (as defined by the audit committee), submitted by the management.

(c) Management letters/ letters of internal control weakness issued by the statutory auditors.

(d) Internal audit reports relating to internal control weaknesses; and

(e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

Shareholders/ Investor Grievance Committee

The shareholder/investor grievance committee was constituted by the Board on August 1, 2009 (“**Shareholder/ Investor Grievance Committee**”). The Investor Grievance Committee comprises:

Name of the Directors	Designation
Mr. S.N. Sharma	Chairman
Mr. Vijay G. Kalantri	Member
Dr. A.C. Shah	Member

Scope and terms of reference:

(a) To approve and register transfer and/ or transmission of all classes of share debentures.

(b) Redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet/ annual report, non receipt of declared dividend, interest, notices etc.

(c) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.

(d) To sub-divide, consolidate and issue duplicate share certificates on behalf of the Company.

(e) To do all such acts, things, or deeds as may be necessary or incidental to the exercise of the above powers.

Remuneration Committee

The remuneration committee (“**Remuneration Committee**”) was constituted by the Board on August 1, 2009. The Remuneration Committee comprises:

Name of the Directors	Designation
Mr. Vijay G. Kalantri	Chairman
Mr. S.N. Sharma	Member
Dr. A.C. Shah	Member

Scope and terms of reference:

(a) To review the overall compensation policy, service agreements and other employment conditions of the managing/ whole time directors.

(b) To decide on overall compensation policy for non executive directors.

(c) Stock option details, if any, and whether to be issued at a discount as well as the period over which to be accrued and over which to be exercisable.

(d) To take decision on the increments in the remuneration of directors.

Other Committees

In addition to the above committees, our Board has also constituted the IPO Committee on July 4, 2009. The IPO Committee comprises:

Name	Designation
Mr. Arvind Gupta	Chairman
Mr. Nand Lal Goenka	Member
Mr. Navneet Goenka	Member
Mr. Nitin Goenka	Member
Mr. Pankaj Agarwal	Member

The powers of the IPO Committee include:

(a) To co-ordinate and communicate with the merchant bankers, the legal advisors and the registrar to the issue.

(b) To modify, reapply, redo, make necessary changes, approach and do all such acts and deeds that are necessary, to modify the Articles of Association, subject to approval of shareholders of the Company, the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and all approvals as required under applicable laws, and to approach SEBI, stock exchanges and/ or any other statutory authority to resubmit any modified documentation in this regard.

(c) To sign, execute and/ or file all and any documents, forms, papers, deeds etc with statutory authorities such as the SEBI, the RBI, the stock exchanges, the RoC, the share transfer agents etc.

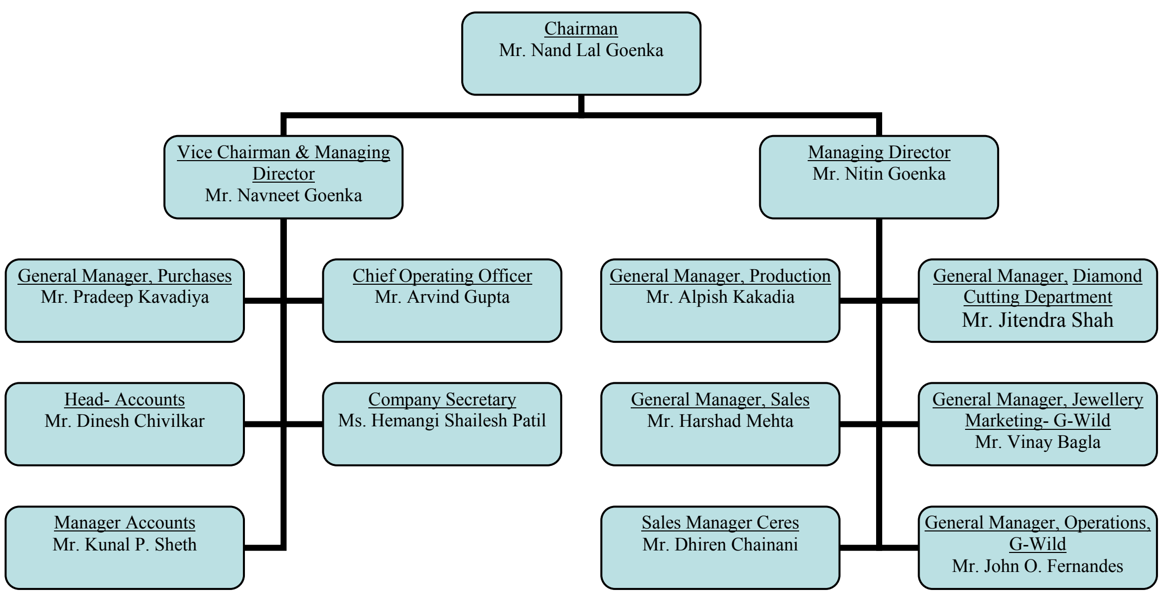
(d) To do all such acts, deeds and things as may be necessary and incidental to the IPO; and

(e) To authorize anyone else for the aforementioned powers.

Borrowing powers of our Board

Pursuant to a resolution passed by our shareholders dated April 15, 2008, passed in accordance with provisions of the Companies Act, our Board has been authorized to borrow from time to time any sum or sums of money which together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of our Company and its free reserves that is to say, reserves not set apart for any specific purposes, provided however that the sums so borrowed shall not exceed Rs. 15,000 lakhs.

Management organisational structure



Key managerial personnel

The details of our other key managerial employees, as of the date of this Red Herring Prospectus, are as follows:

Mr. Arvind Gupta, 31 years, is the Chief Operating Officer of our Company. Mr. Gupta joined our Company on April 1, 2009 and is responsible for the overall operations and functioning of our Company. He holds a bachelors degree in commerce from the Mumbai University. Mr. Gupta has approximately 12 years of experience in management and administration out of which three years were spent in the diamond industry.

Prior to joining our Company he was an entrepreneur. The remuneration paid to Mr. Gupta till January 31, 2010 of the Financial Year 2009-2010, is Rs. 2,48,000.

Mr. Pradip Kavadiya, 34 years, is the General Manager- rough diamonds purchase department of our Company. Mr. Kavadiya joined our Company on January 1, 2007 and is in charge of purchase of rough diamonds by our company. He holds a bachelors degree in Commerce from the Rajasthan University. Mr. Kavadiya has approximately 16 years of experience in planning, cutting, polishing of rough diamonds. Prior to joining our Company, Mr. Kavadiya was at M/s Dharam Chand Paras Chand Exports. The remuneration paid to Mr. Kavadiya for the Financial Year 2008-2009 and till January 31, 2010 of the Financial Year 2009-2010 is Rs. 1,70,500 and Rs. 1,49,983 respectively. In addition, a sum of Rs. 15,800 is payable by our Company to Mr. Pradip Kavadiya for the Financial Year 2008-2009.

Mr. Kunal Praful Sheth, 27 years, is the Manager – accounts of our Company. Mr. Sheth joined our Company on April 1, 2008 and is in charge of the entire accounting system of the Company. He holds a bachelors degree in commerce from the Mumbai University. Currently he has presently cleared his intermediate level of the Chartered Accountancy course and shall be appearing for his finals. He has approximately 7 years of experience in the accounting field. Prior to joining our Company he was working with M/s. Jewel Mark India Private Limited. The remuneration paid to Mr. Sheth for the Financial Year 2008-2009 and till January 31, 2010 of the Financial Year 2009-2010 is Rs.1,15,645 and 71,650 respectively. In addition, a sum of Rs. 9,026 is payable by our Company to Mr. Kunal Praful Sheth for the Financial Year 2008-2009.

Mr. Alpish Kakadia, 31 years, is the General Manager- production of our Company. Mr. Kakadia joined our Company on May 1, 2009 and is heading the overall production of diamond jewellery by our Company. He holds a bachelors degree in commerce from the Mumbai University. Mr. Kakadia has approximately 13 years of experience in the production of diamond jewellery. Prior to joining our Company he was with M/s. Gem Plus Jewel (Gitanjali Diamonds). The remuneration paid to Mr. Kakadia till January 31, 2010 of the Financial Year 2009-2010, is Rs. 2,14,239.

Mr. Jitendra Shah, 54 years, is the General Manager- diamond cutting department of our Company. Mr. Shah joined our Company on April 1, 2007. Mr. Shah heads the diamond cutting department and also looks after the diamond manufacturing and clearing activities of our Company. He has a diploma in Maintenance Engineering, from IIT, Mumbai. Mr. Shah has approximately 39 years of experience in the field of manufacturing and cleaving of diamonds and prior to joining our Company he was with M/s. Diamstar, a sister concern of M/s. Classic Diamonds. The remuneration paid to Mr. Shah for the Financial Year 2008-2009 and till January 31, 2010 of the Financial Year 2009-2010, is Rs. 1,75,700 and 1,29,000 respectively. In addition a sum of Rs. 12,800 is payable by our Company to Mr. Jitendra Shah for the Financial Year 2008-2009.

Mr. Harshad Mehta, 44 years, is the General Manager-sales of our Company. Mr. Mehta joined our Company on July 15, 2007 and heads the entire sales department. He holds a Bachelors of Commerce degree from Gujarat University. Mr. Mehta has approximately 30 years of experience in marketing and trading of jewellery and diamonds. Prior to joining our Company he was at M/s. Venus Jewels. The remuneration paid to Mr. Mehta for the Financial Year 2008-2009 and till January 31, 2010 of the Financial Year 2009-2010, is Rs. 2,12,198 and Rs. 1,81,495 respectively. In addition, a sum of Rs. 16,805 is payable by our Company to Mr. Hashad Mehta for the Financial Year 2008-2009.

Mr. Vinay Bagla, 39 years, is the General Manager-'*G WILD*' jewellery marketing of our Company. He holds a Bachelors degree in Commerce from the Mumbai University. Mr. Bagla joined our Company on February 10, 2009 and is the head of the '*G WILD*' jewellery marketing department. Mr. Bagla has approximately 15 years of experience in marketing of diamonds and jewellery. Prior to joining our Company he was at M/s. Laxmi Diamond and Jewels Ltd from 2006 to 2007. The remuneration paid to Mr. Bagla for the period from February 10, 2009 to March 31, 2009 of the Financial Year 2008-2009and till January 31, 2010 of the Financial Year 2009-2010, is Rs. 2,72,700 and Rs. 2,22,960 respectively. In addition, a sum of Rs. 24,800 is payable by our Company to Mr. Vinay Bagla for the Financial Year 2008-2009.

Mr. Dhiren Chainani, 31 years***,*** is the Sales Manager of *CERES* brand of our Company. He has cleared his senior secondary education from Mumbai. He joined out Company on February 1, 2009. He has approximately nine years of experience in jewellery marketing. Prior to joining our Company he was with Goldfinger, Netherlands, Jewel Masters, Netherlands and WSA Shipping (Bombay) Private Limited. The remuneration paid to Mr. Dhiren Chainani for the period from February 1, 2009 to March 31, 2009 of the Financial Year 2008-2009 and till January 31, 2010 of the Financial Year 2009-2010, is Rs. 18,162 and 2,49,729 respectively. In addition a sum of Rs. 18,162 is payable by our Company to Mr. Dhiren Chainani for the period from February 1, 2009 to March 31, 2009 of the Financial Year 2008-2009.

Mr. John Oscar Fernandes, 34 years, is the General Manager G-Wild Operations of our Company. Mr. Fernandes joined our Company on October 1, 2009 and handles the sales, operations and promotions relating to G-Wild brand of our Company. He holds a degree in commerce from Mumbai University. He has also done a course on software programming from Aptech Institute, Mumbai, and a course on retail management in sales & marketing from Wellingkar Institute, Mumbai. Mr. Fernandes has approximately twelve years of experience in retail sector and prior to joining our Company, he was associated with Nirvana Diamond Jewellery, Mumbai from October 18, 2004 to September 30, 2009. He has also been associated with Rivoli Watches, Dubai and Signus, Mumbai. The remuneration paid to Mr. Fernandes for the period from October 1, 2009 to January 31, 2010 of the Financial Year 2009-2010 is Rs. 1,24,207.

Mr. Dinesh Chivilkar, 32 years, is the Head-Accounts of our Company. Mr. Chivilkar joined our Company on October 1, 2009, and is in charge of the complete accounting segment of the Company. He is a member of the Institute of Chartered Accountants of India and holds a commerce degree from Mumbai University. Mr. Chivilkar has approximately four years of experience in accountancy and prior to joining our Company, was associated with the Everest Developers, Mumbai, from September 5, 2008, to September 2, 2009. The remuneration paid to Mr. Chivlikar for the period from October 1, 2009 to January 31, 2010 of the Financial Year 2009-2010 is Rs. Rs. 1,36,447.

Ms. Hemangi S. Patil, 31 years, is the Company Secretary of our Company. Ms. Patil joined our Company on February 11, 2010 and oversees company secretarial matters of the Company. She holds a post graduate degree and a graduate degree in commerce from Mumbai University and is also a member of Institute of Company Secretaries of India. Ms. Patil has approximately five years experience and prior to joining our Company, she was associated with the Creative Eye Limited, Mumbai, a company listed on BSE and NSE, from March 3, 2008, to January 19, 2010, and prior to that was associated with Marathon Nextgen Realty Limited, Mumbai, a company listed on BSE. No renumeration has been paid to Ms. Hemangi S. Patil till January 31, 2010, as she joined the Company on February 11, 2010.

All our key managerial employees mentioned above are permanent employees of our Company.

Relationships between key managerial personnel

None of our Key Managerial Personnel are related to each other.

Interest of key managerial personnel

None of our key managerial personnel have any interest in our Company or our Subsidiary other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

None of our key managerial personnel are directors in our Company or the Subsidiary. None of our key managerial personnel are directors in our Group Companies

Shareholding of our key managerial personnel

None of our key managerial personnel have any shareholding in our Company, the Subsidiary or any of the Promoter Group companies.

Changes in our key managerial personnel

The changes in the key managerial personnel of the Company in the last three years preceding the filing of the Red Herring Prospectus are as follows:

S. No.	Name	Date of Appointment	Designation	Date of Cessation	Reason
1.	Ms. Hemangi Shailesh Patil	February 11, 2010	Company Secretary	-	Appointment
2.	Ms. Harshita Chabbra	June 1, 2009	Company Secretary	February 16, 2010	Resignation
3.	Mr. Dinesh Chivlikar	October 1, 2009	Head Accounts	-	Appointment
4.	Mr. John Oscar Fernandes	October 1, 2009	General Manager G-Wild Operations	-	Appointment
5.	Mr. Alpish Kakadia	May 1, 2009	General Manager Production	-	Appointment
6.	Mr. Arvind Gupta	April 1, 2009	Chief Operation Officer	-	Appointment
7.	Mr. Vinay Bagla	February 10, 2009	General Manager G-Wild	-	Appointment
8.	Mr. Dhiren Chainani	February 1, 2009	Sales Manager – Ceres	-	Appointment
9.	Mr. Kunal Praful Sheth	April 1, 2008	Manager – Accounts	-	Appointment
10.	Mr. Harshad Mehta	July 15, 2007	General Manager Sales	-	Appointment
11.	Mr. Jitender Shah	April 1, 2007	General Manager-Diamond Cutting	-	Appointment

Bonus or profit sharing plan for our key managerial personnel

There is no bonus or profit sharing plan for our key managerial personnel.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Loans taken by Directors / key managerial personnel

Our Directors and key managerial personnel have not taken any loan from our Company.

PROMOTERS AND GROUP COMPANIES

Our Promoters

The details of our Promoters are provided herein below:

	**PAN:** ACUPG6553A **Passport Number:** Z1348513 **Voter ID Number:** Not obtained **Driving License:** Not obtained ***Mr. Nand Lal Goenka*** (60 years), is the Chairman, Promoter and also the founder member of our Company. He has over 40 years of experience in the jewellery export, retail and designing business.
	**PAN**: AEJPG4242H **Passport Number:** G7924401 **Voter ID Number:** Not obtained **Driving License:** 98118516 ***Mr. Navneet Goenka*** (33 years), is the Vice-Chairman, Managing Director and one of the Promoters of our Company. Mr. Navneet Goenka has approximately 16 years of experience in the jewellery export, retail and designing business.
	**PAN:** AHJPG7482L **Passport Number:** E8289055 **Voter ID Number:** Not obtained **Driving License:** Not obtained ***Mr. Nitin Goenka***, (29 years), is the Managing Director and one of the Promoters of our Company. He has approximately ten years of experience in the jewellery export, retail and designing business.

Our Promoters are also Directors of our Company, for other details on their profiles, including addresses, terms of appointment as our Directors and their other directorships, see the section titled “Our Management” on page 86.

Change in Promoters

There has been no change of Promoters in the last five years from the date of filing the Red Herring Prospectus by way of acquisition of control as defined under Takeover Code.

Other understandings and confirmations

Our Promoters and Promoter Group have confirmed that they have not been detained as wilful defaulters by the RBI or any other Governmental authority. Additionally, there are no violations of securities laws committed by our Promoters in the past or are pending against them and none of our Promoters have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Interest of our Promoters

Our Company is promoted by Mr. Nand Lal Goenka, Mr. Navneet Goenka and Mr. Nitin Goenka and each hold 98,55,000, 39,15,375 and 40,97,625 Equity Shares, respectively, in our Company. Our Promoters are therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company.

Further, Mr. Nand Lal Goenka is the executive Director and Chairman, Mr. Navneet Goenka is the Vice Chairman and Managing Director and Mr. Nitin Goenka is the Managing Director of our Company. We have entered into certain leave and license agreements with Mr. Nand Lal Goenka, Mr. Navneet Goenka and Mr. Nitin Goenka. For further details, please see the section "Interest of Directors" in the chapter titled "Our Management" on page 91 of this Red Herring Prospectus.

None of our Promoters/Directors have been paid any cash or shares by any firm or company which he is a Promoter or director to become Promoters/ Directors of our Company.

Other than as disclosed above, our Promoters/Directors, Group Companies have not entered into any transaction for acquisition of land, construction of building and supply of machinery for the Company.

Relationship of Promoters with the Directors

All our Promoters are also Directors of our Company.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "Financial Statements – Related Party Disclosures" on page F-41, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Red Herring Prospectus.

Litigation

For details regarding litigation involving our Promoters, see the section titled "Outstanding Litigation and Material Developments", on page 145.

Related party transactions

Except as disclosed in the section "Financial Information - Related Party Transactions" on page F-41, there have been no payment of benefits to our Promoters during the last two years prior to the date of filing of this Red Herring Prospectus.

For details of our Subsidiaries, see section titled "History and Certain Corporate Matters" on page 84.

Disassociation from Promoters

The following immediate relatives of our Promoters have disassociated themselves from our Promoters and from the Company, pursuant to a family separation with mutual understanding, and do not form a part of our Promoter Group:

(a) Mr. Shubkaran Goenka (disassociated from January 2, 1995);
(b) Mr. Manmohan Goenka (disassociated from January 2, 1995);
(c) Ms. Shantidevi Goenka (disassociated from January 2, 1995); and
(d) Mr. Sohan Goenka (disassociated from 1984 i.e. before the incorporation of our Company).

Group Companies

The following table list out companies and entities which constitute part of the Group Companies:

S. No.	Group Companies
1.	Goenka Jewellers
2.	Nand Lal Goenka HUF
3.	Goenka Entertainments Private Limited
4.	Goenka Infra Projects Private Limited
5.	Goenka Properties Private Limited
6.	Goenka Infra Builders Private Limited
7.	Goenka Diamonds Private Limited
8.	Geet Holdings Private Limited
9.	Sonam Complex Private Limited
10.	Yash Complex Private Limited

The details of our Group Companies are as below:

1. Goenka Jewellers ("GJ")

GJ is a partnership firm constituted under the Partnership Act, on July 1, 1985. GJ is a registered partnership firm. GJ is currently engaged in the business of manufacturing, buying, selling and dealing in all kinds of imitation, diamonds, precious, semi-precious and synthetic stones, gold/silver jewellery and ornaments either as dealers, merchants, agents, brokers, principals and/or commission agents or in any other manner or capacity whatsoever. The head office of GJ is situated at 401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur-302003, India.

Nature and interest of the Promoters in GJ

Promoters who are partners as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nitin Goenka.

Financial performance

The audited financial results of GJ for the last three years are as follows:

(*Rs. in lakhs*)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	61,87.51	8,456.48	7,251.66
SEZ Unit	4,935.51	7,304.79	6,755.77
Domestic Tariff Area (DTA)	1,246.54	1,151.65	150.34
Other income	5.47	0.04	345.64
Profit before tax	180.05	609.11	654.70
Profit/Loss after tax	1,79.75	608.62	654.49
Total Assets	52,88.85	5,592.18	8,655.82

The auditors of Goenka Jewellers had included the following qualification in their report for Fiscal 2007, 2008 and 2009:

"Based on the legal opinion, management is of the view that there is an apparent drafting anomaly in section 10AA(7) of I. Tax Act, 1961, accordingly entire income of SEZ Surat unit has been considered exempt and provision for income tax is made accordingly"

If we provide for auditor's qualifications then the additional tax liability would be as follows:

(In Rs. Lakhs)

	March 31, 2007	March 31, 2008	March 31, 2009
Profit before tax	180.05	609.11	654.70
Current tax paid (including FBT)	0.30	0.49	0.21
Additional Tax Liability due to 10AA*	NIL	NIL	NIL
Proft after tax	179.75	608.62	654.49

(In Rs lakhs)

***Additional Tax Liability due to 10AA**			
	March 31, 2007	**March 31, 2008**	**March 31, 2009**
SEZ Profits	346.57	712.02	663.87
Deduction U/s. 10AA	276.69	615.05	649.42
Deduction claimed	346.57	712.02	663.87
Additional Taxable SEZ Profit	69.88	96.97	14.45
DTA Profit and (Loss)	(166.52)	(102.91)	(9.17)
Tax Payable on additional Profit after Adjusting DTA Loss	(96.63)	(5.94)	5.28
Carried over DTA Losses	(96.63)	(102.87)	(97.59)
Additional Tax Liability	NIL	NIL	NIL

As Goenka Jewellers incurred losses in DTA unit, and also as the DTA losses incurred in Fiscal 2008 and Fiscal 2007 were carried over in Fiscal 2009, hence there would be no additional tax liability on the account of providing for auditors qualifications relating to Section10AA (7) of Income Tax Act. Hence there will be no change in the PAT for the Partnership even after providing for the auditors qualification.

The auditors report for the year 2008-09 for Goenka Jewellers is as follows:

Audit Report under section 44AB of the Income-Tax Act, 1961,
in the case of a person referred to in clause (b) of sub-rule(1)of rule 6G

We have examined the Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date, attached herewith, of **M/S GOENKA JEWELLERS, 401, PANCH RATNA, MSB KA RASTA, JOHARI BAZAR, JAIPUR (PAN : AABFG 8810 D)** These financial statements are the responsibility of the assessee. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We certify that the balance sheet and the profit and loss account are in agreement with the books of account maintained at the head office at Jaipur, Mumbai and SEZ Surat branches.

3. a) We report the following observations/comments/discrepancies/inconsistencies; if any:

   (i) Non provision of deferred taxation which is not in accordance with Accounting Standard (AS-22). (Impact on profit - not ascertained)

   (ii) Based on the legal opinion, management is of the view that there is an apparent drafting anomaly in section 10AA(7) of I. Tax Act, 1961, accordingly entire income of SEZ Surat unit has been considered exempt and provision for income tax is made accordingly. (Refer Note No. 7 to notes on accounts).

b) Subject to above-

(i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

(ii) In our opinion, proper books of account have been kept by the head office and branches of the assessee so far as appears from our examination of the books.

(iii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes thereon, if any, give a true and fair view:-

A. in the case of the balance sheet , of the state of the affairs of the assessee as at 31st March, 2009 , and

B. in the case of the profit and loss account of the Profit of the assessee for the year ended on that date.

4. The statement of particulars required to be furnished under section 44AB is annexed herewith in Form No. 3CD.

5. In our opinion and to the best of our information and according to explanations given to us, the particulars given in the said Form No. 3CD and the Annexure thereto are true and correct.

For B.KHOSLA & CO.,
Chartered Accountants,

Place : Jaipur
Dated : 2nd Sept,2009

(G.G. MUNDRA) Partner
M.NO. 8167

2. Nand Lal Goenka HUF ("NLGHUF")

NLGHUF was formed on January 20, 1991, with Mr. Nand Lal Goenka as its *Karta.* NLGHUF has not commenced any business.

Nature and interest of the Promoters

Promoters and Promoter Group who are members as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Ms. Nirmala Goenka;
3. Mr. Navneet Goenka;
4. Mr. Nitin Goenka;
5. Ms. Bhawna Goenka;
6. Ms. Namita Jain;
7. Ms. Neeta Saraf;
8. Ms. Devashree Goenka; and
9. Ms. Vriddhi Goenka.

Financial performance

The audited financial results of the company for the last three years are as follows:

(Rs. in lakhs)

	March 31, 2007	March 31, 2008	March 31, 2009
Other income	0.00	0.00	1.82

	March 31, 2007	March 31, 2008	March 31, 2009
Profit/Loss after tax	0.00	0.00	1.82
Capital	0.25	0.25	1.77

3. Goenka Entertainments Private Limited ("GEPL")

GEPL was incorporated on March 11, 2008 under the Companies Act, as a private limited company. The registered office of GEPL is situated at 1305, Panchratna, Opera House, Mumbai - 400004, India. GEPL is currently engaged in the business of providing all types of event management services for film production, serial production, fashion shows, dramas, beauty pageants, one act play, stage shows, picnics, camps, various competitions, sports events, festivals, marriage, social and other events and to carry on business of production of films, serials, dramas.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	3,334	33.34
Mr. Navneet Goenka	3,333	33.33
Mr. Nitin Goenka	3,333	33.33
Total	**10,000**	**100.00**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nitin Goenka.

Financial performance

The audited financial results of the company for the last financial year is as follows:

(Rs.in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009*
Sales and other income	-	-	0.24
Profit/Loss after tax	-	-	0.06
Equity capital (1)	-	-	1.00
Earnings per share (Rs.) (2)	-	-	0.64
Book value per equity share (Rs.) (3)	-	-	9.46
Reserves and Surplus(4)	-	-	0.06
Miscellaneous Expenditure not written off	-	-	(0.12)

(1)The face value of each equity share is Rs. 10.
(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.
(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.
(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.
* For the period starting from March 11, 2008, i.e. the date of incorporation of the company, to March 31, 2009

As GEPL was incorporated on March 11, 2008, the financial results for Fiscal 2007 and 2008 are not available.

GEPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth.

4. Goenka Infra Projects Private Limited ("GIPPL")

GIPPL was incorporated on March 27, 2008 under the Companies Act, as a private limited company. The registered office of GIPPL is situated at 1305, Panchratna, Opera House, Mumbai - 400004, India. GIPPL is currently engaged in the business of contracting for railways, roads, bridges, ports, airports, power houses, sanitation, dams, water work, lands, real estate, sheds, bridges, roads, subways, canals, commercial complex, multi-storey buildings and other infrastructure development and to act as contractors and developers of residential premises, offices, shopping mall, information and technology parks, special economic zones, institutional and commercial purpose and developers of co-operative housing societies.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of Equity Shares	% shareholding
Mr. Nand Lal Goenka	3,334	33.34
Mr. Navneet Goenka	3,333	33.33
Mr. Nitin Goenka	3,333	33.33
Total	**10,000**	**100.00**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nitin Goenka.

Financial performance

The audited financial result of the company for the last financial year is as follows:

(Rs. in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009*
Sales and other income	-	-	-
Profit/Loss after tax	-	-	-
Equity capital (1)	-	-	1.0
Earnings per share (Rs.) (2)	-	-	-
Book value per equity share (Rs.) (3)	-	-	8.52
Reserves and Surplus(4)	-	-	-
Miscellaneous Expenditure not written off	-	-	(0.15)

(1) The face value of each equity share is Rs. 10.

(2) Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

* For the period starting from March 27, 2008, i.e. the date of incorporation of the company, to March 31, 2009

As GIPPL was incorporated on March 27, 2008, the financial results for Fiscals 2007 and 2008 are not available.

GIPPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth.

5. Goenka Properties Private Limited ("GPPL")

GPPL was incorporated on March 27, 2008 under the Companies Act as a private limited company. The registered office of GPPL is located at 1305, Panchratna, Opera House, Mumbai- 400004, India. GPPL is currently engaged in the business of contracting for railways, roads, bridges, ports, airports, power houses, sanitation, dames, water work, lands, real estate, sheds, bridges, roads, subways, canals, commercial complex, multi-storey buildings and other infrastructure development and to act as contractors and developers of residential premises, offices, shopping mall, information and technology parks, special economic zones institutional and commercial purpose and developers of co-operative housing societies.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	3,334	33.34
Mr. Navneet Goenka	3,333	33.33
Mr. Nitin Goenka	3,333	33.33
Total	**10,000**	**100.00**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nitin Goenka.

Financial performance

The audited financial results of the company for the last financial year is as follows:

(Rs. in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009*
Sales and other income	-	-	-
Profit/Loss after tax	-	-	(0.12)
Equity capital (1)	-	-	1.00
Earnings per share (Rs.) (2)	-	-	(1.20)
Book value per equity share (Rs.) (3)	-	-	7.62
Reserves and Surplus(4)	-	-	(0.12)
Miscellaneous Expenditure not written off	-	-	(0.12)

(1)The face value of each equity share is Rs. 10.

(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

* For the period starting from March 27, 2008, i.e. the date of incorporation of the company, to March 31, 2009

As GPPL was incorporated on March 27, 2008, the financial results for Fiscals 2007 and 2008 are not available.

GPPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth.

6. Goenka Infra Builders Private Limited ("GIBPL")

GIBPL was incorporated on April 30, 2008 under the Companies Act, as a private limited company. The registered office of GIBPL is situated at 1305, Panchratna, Opera House, Mumbai- 400004, India. GIBPL is carrying on business as contractors of railway, roads, bridges, ports, airports, power houses, sanitation, dames, water work, lands, real estate, sheds, bridges, roads, subways, canals, commercial complex, multi-storey buildings and other infrastructure development and to act as contractors and developers of residential premises, offices, shopping mall, information technology parks, special economic zones, institutional and commercial purpose and developers of co-operative housing societies.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	3,334	33.34
Mr. Navneet Goenka	3,333	33.33
Mr. Nitin Goenka	3,333	33.33
Total	**10,000**	**100.00**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nitin Goenka.

Financial performance

The audited financial result of the company for the last financial year is as follows:

(Rs. in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	-	-	-
Profit/Loss after tax	-	-	(0.10)
Equity capital (1)	-	-	1.00
Earnings per share (Rs.) (2)	-	-	(1.02)
Book value per equity share (Rs.) (3)	-	-	7.80
Reserves and Surplus(4)	-	-	0.10
Miscellaneous Expenditure not written off	-	-	(0.12)

(1)The face value of each equity share is Rs. 10.

(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

As GIBPL was incorporated on April 30, 2008, the financial results for Fiscals 2007 and 2008 are not available.

GIBPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth

7. Goenka Diamonds Private Limited ("GDPL")

GDPL was incorporated on July 19, 1995 under the Companies Act, as a private limited company. The registered office of GDPL is situated at 1305, Panchratna, Opera House, Mumbai- 400004, India. GDPL is currently engaged in the business of import, export, purchase, sale, processing, cutting, working on and dealing in diamonds, gems, rubies, pearls, all types of precious and semi precious stones, artificial stones, gold, silver, platinum, ornaments, jewellery, utensils and other items made of gold, silver, platinum and other precious metals with any combinations thereof and studded with precious and semi precious stones, gems, rubies, pearls, artificial stones.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	5,000	50
Mr. Navneet Goenka	5,000	50
Total	**1,000**	**100**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoter who are directors as on February 28, 2010

1. Mr. Mr. Nand Lal Goenka; and
2. Mr. Navneet Goenka.

Financial performance

The audited financial results of the company for the last three years are as follows:

(Rs. lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	-	9.31	-
Profit/Loss after tax	(0.09)	2.27	(1.15)
Equity capital (1)	1.00	1.00	1.00
Earnings per share (Rs.) (2)	(0.93)	22.65	(11.54)
Book value per equity share (Rs.) (3)	134.14	156.79	145.24
Reserves and Surplus(4)	12.41	14.68	13.52
Miscellaneous Expenditure not written off	-	-	-

(1)The face value of each equity share is Rs. 10.

(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

GDPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up and does not have a negative net worth.

8. Geet Holding Private Limited ("GHPL")

GHPL was incorporated on September 9, 1993, under the Companies Act, as a private limited company. The registered office of GHPL is situated at 401, Panchratna, MSB Ka Rasta, Jaipur – 302003, India. GHPL is currently engaged in the business of construction and development of the land and property.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	990	99
Mr. Navneet Goenka	10	1
Total	**1,000**	**100**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters and members of Promoter Group who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nirmala Goenka.

Financial performance

The audited financial results of the company for the last three years are as follows:

(Rs. in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	-	-	-
Profit/Loss after tax	(0.25)	(0.24)	(0.25)
Equity capital [(1)]	1.00	1.00	1.00
Earnings per share (Rs.) [(2)]	(24.94)	(24.44)	(24.81)
Book value per equity share (Rs.) [(3)]	(85.73)	(110.17)	(134.98)
Reserves and Surplus[(4)]	(1.86)	(2.10)	(2.35)
Miscellaneous Expenditure not written off	-	-	-

[(1)] The face value of each equity share is Rs. 100.

[(2)]Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

[(3)] Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

[(4)] Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

GHPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up, however it has negative networth in Fiscals 2007, 2008 and 2009.

9. Sonam Complex Private Limited ("SCPL")

SCPL was incorporated on September 9, 1993, under the Companies Act, as a private limited company. The registered office of SCPL is situated at 401, Panchratna, MSB Ka Rasta, Jaipur- 302003, India. SCPL is currently engaged in the business of construction and development of the land and property.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	990	99
Mr. Navneet Goenka	10	1

Total	**1,000**	**100**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters and members of Promoter Group who are directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Mr. Nirmala Goenka.

Financial performance

The audited financial results of the company for the last three years are as follows:

(Rs. in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	Nil	Nil	Nil
Profit/Loss after tax	(0.41)	(0.39)	(0.43)
Equity capital (1)	1.00	1.00	1.00
Earnings per share (Rs.) (2)	(41.42)	(38.86)	(43.01)
Book value per equity share (Rs.) (3)	(202.00)	(240.87)	(283.88)
Reserves and Surplus(4)	(3.02)	(3.41)	(3.84)
Miscellaneous Expenditure not written off	-	-	-

(1) The face value of each equity share is Rs. 100.
(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.
(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.
(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

SCPL is an unlisted company. It has not become a sick company under the meaning of SICA, it is not under winding up, however it has negative networth in Fiscal 2007, 2008 and 2009.

10. Yash Complex Private Limited ("YCPL")

YCPL was incorporated on September 9, 1993 under the Companies Act, as a private limited company. The registered office of YCPL is situated at 401, Panchratna, MSB Ka Rasta, Jaipur - 302003, India. YCPL is currently engaged in the business of construction and development of the land and property.

Nature and interest of the Promoters

a. Equity shareholding of Promoters as on February 28, 2010

Name of shareholders	No. of equity shares	% shareholding
Mr. Nand Lal Goenka	990	99
Mr. Navneet Goenka	10	1
Total	**1,000**	**100**

There has been no change in the capital structure in the last six months prior to the filing of this Red Herring Prospectus.

b. Promoters and member of Promoter Group who are Directors as on February 28, 2010

1. Mr. Nand Lal Goenka;
2. Mr. Navneet Goenka; and
3. Ms. Nirmala Goenka.

Financial performance

The audited financial results of the company for the last three years are as follows:

(Rs .in lakhs except per share data)

	March 31, 2007	March 31, 2008	March 31, 2009
Sales and other income	-	-	-
Profit/Loss after tax	(0.25)	(0.25)	(0.26)
Equity capital(1)	1.00	1.00	1.00
Earnings per share (Rs.) (2)	(25.47)	(24.98)	(25.66)
Book value per equity share (Rs.) (3)	(104.99)	(129.97)	(155.62)
Reserves and Surplus(4)	(2.05)	(2.30)	(2.56)
Miscellaneous expenditure not written off	-	-	-

(1) The face value of each equity share is Rs. 100.

(2)Earnings per share is calculated using the formula: (Profit after tax)/ number of outstanding equity shares.

(3) Book value per share is calculated using the formula: (Equity share capital + reserves & surplus)/ number of outstanding equity shares.

(4) Reserves and Surplus does not include revaluation reserve. Further, the amount has been adjusted for miscellaneous expenditure in profit and loss account.

YCPL is an unlisted company. YCPL has not become a sick company under the meaning of SICA, it is not under winding up, however it has negative networth in Fiscal 2007, 2008 and 2009.

Common Pursuits

Except as disclosed below, none of our Promoters Group companies/entities have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Name of the Group Companies	Common interests
Goenka Jewellers	Goenka Jewellers is engaged in the business of manufacturing, buying, selling and dealing in all kinds of imitation, diamonds, precious, semi-precious and synthetic stones, gold/silver jewellery and ornaments either as dealers, merchants, agents, brokers, principals and/or commission agents or in any other manner or capacity whatsoever, which is similar to the business of our Company.
Goenka Diamonds Private Limited	As per the main object, GDPL shall carry our business of import, export, purchase, sale, processing, cutting, working on and dealing in diamonds, gems, rubies, pearls, all types of precious and semi precious stones, artificial stones, gold, silver, platinum, ornaments, jewellery, utensils and other items made of gold, silver, platinum and other precious metals with any combinations thereof and studded with precious and semi precious stones, gems, rubies, pearls, artificial stones. These main objects are similar to that of our Company.

So as to minimize and resolve any conflict of interest between our Company and Goenka Jewellers, our Promoters intend to phase out Goenka Jeweller's business of processing diamonds and exporting processed diamonds, so as to carry on the same through our Company. Goenka Diamonds Private Limited is currently not carrying on any business activity and our Promoters have confirmed that the company shall not carry out any business activity in future which may, directly or indirectly, compete with the business activities of that of our Company.

Sale and purchase between Group Companies/Subsidiary/associate companies

There are no sales or purchase between Group Companies/associate companies/subsidiaries exceeding an aggregate value of 10% of the total sales or purchases of the Company. The material items of income or expenditure out of such transactions are stated below.

Business interest of the Group Companies/ Subsidiary/associate companies in our Company

None of our Group Companies/ Subsidiary/associate companies have business interests of in our Company.

Previous public or rights issues by the Group Companies

None of our Promoter Group companies are presently listed on any stock exchanges, nor have made any public or rights issues in the preceding three years.

Interest of the Promoters in the property of our Company

Other than as disclosed in the section "Interest of Promoters" in this chapter, none of our Promoters have any interest in the property acquired by our Company in the last two years.

Defunct Group Companies

There are no defunct Group Companies.

Loss making companies

Except as follows, none of our Group Companies has made a loss in the preceding three years.

(Rs. in lakhs)

S. No.	Group Company	Profit/Loss after Tax		
		March 31, 2007	March 31, 2008	March 31, 2009
1.	Geet Holdings Private Limited	(0.25)	(0.24)	(0.25)
2.	Goenka Diamonds Private Limited	(0.09)	2.27	(1.15)
3.	Goenka Infra Builders Private Limited *	-	-	(0.10)
4.	Goenka Properties Private Limited *	-	-	(0.12)
5.	Sonam Complex Private Limited	(0.41)	(0.39)	(0.43)
6.	Yash Complex Private Limited	(0.25)	(0.25)	(0.26)

** As the companies were incorporated in Fiscal 2009, the financial results for Fiscal 2007 and 2008 were not available.*

Disassociation by the Promoters in the last three years

None of our Promoters have disassociated from any company in the last three years.

Significant notes of auditors for past three years

Except for Goenka Jewellers there are no significant notes for the past three years given by the auditors for Group Companies.

Goenka Jewellers:

The auditor's report prepared by B. Khosla & Co. dated September 2, 2009 states as follows:

"Based on the legal opinion, management is of the view that there is an apparent drafting anomaly in section 10AA (7) of the IT. Act, 1961, accordingly the entire income of the SEZ, Surat unit has been considered exempt and provision for income tax is made accordingly".

RELATED PARTY TRANSACTIONS

Transactions with Related Parties on Consolidated basis

(in Rs. Lakhs)

a. Shareholders having substantial interest			
	For the Period Ended	**For the Year Ended 31st March**	
	on 31st Dec 2009	**2009**	**2008**
Sh. Nand Lal Goenka			
i. Remuneration	11.25	9.00	2.40
ii. Issue of Bonus Shares	459.90	-	481.80
iii. Unsecured Loan			
Opening	-	5.00	5.00
Received	-	15.00	-
Paid	-	20.00	-
Closing	-	-	5.00
iv. Payables in Current Account	6.71	3.75	2.86
v. Rent Paid	2.48	-	-
vi. Dividend	5.26	5.26	-
b. Enterprises where significant influence exists			
1. Mystique Jewels			
i. Sale	-	-	-
ii. Purchases	-	-	-
iii. Receivables	-	2.60	2.60
iv. Advances Given/ (Taken)			
Opening	13.60	5.50	-
Paid	13.60	8.10	5.50
Received	-	-	-
Closing	-	13.60	5.50
2. Goenka Diamonds Private Limited			
Transaction with Related Party	NIL	NIL	NIL
3. Goenka Jewellers			
i. Sale	-	-	-
ii. Purchases	-	52.30	0.67
iii. Receivables	-	-	-
iv. Advances Given/ (Taken)			
Opening	8.72	-	-
Paid	-	472.30	406.60
Received	8.72	463.58	406.60
Closing	-	8.72	-
v. Unsecured Loan			
Opening	-	-	-
Received	-	-	-
Paid	-	-	-
Closing	-	-	-
vii. Guarantees Given	692.97	692.97	692.97
4. Geet holding Private Limited			

Transaction with Related Party	NIL	NIL	NIL
5. Yash holding Private Limited			
Transaction with Related Party	NIL	NIL	NIL
6. Sonam Complex Private Limited			
Transaction with Related Party	NIL	NIL	NIL
7. Goenka Infra Projects Private Limited			
Transaction with Related Party	NIL	NIL	NIL
8. Goenka Infra Builders Private Limited			
Transaction with Related Party	NIL	NIL	NIL
9. Goenka Properties Private Limited			
Transaction with Related Party	NIL	NIL	NIL
10. Goenka Entertainments Private Limited			
Transaction with Related Party	NIL	NIL	NIL
Closing	-	-	-
11. Nand Lal Goenka(HUF)			
i. Dividend	1.82	1.82	-
ii. Issue of Bonus Shares	159.60	-	167.20
c. Key Management Personnel & Relatives			
1. Navneet Goenka			
i. Remuneration	9.00	6.00	2.40
ii. Issue of Bonus Shares	182.72	-	174.79
iii. Payables in Current Account	3.47	1.12	2.96
v. Rent Paid	2.25	-	-
v. Dividend	2.09	1.91	-
2. Nitin Goenka			
i. Remuneration	9.00	6.00	2.40
ii. Issue of Bonus Shares	191.22	-	183.70
iii. Payables in Current Account	3.54	1.77	3.13
v. Rent Paid	2.25	-	-
v. Dividend	2.19	2.00	-
3. Smt. Nirmala Goenka			
i. Remuneration	-	-	2.40
ii. Issue of Bonus Shares	48.30	-	50.60
iii. Unsecured Loan			
Opening	-	-	-
Received	-	-	-
Paid	-	-	-
Closing	-	-	-
iv. Payables in Current Account	-	-	4.05
v. Dividend	0.55	0.55	-
4. Smt. Namita Jain			
i. Unsecured Loan			
Opening	1.15	1.15	1.15
Received	-	-	-
Paid	1.15	-	-
Closing	-	1.15	1.15
ii. Dividend	0.00	0.18	-
iii. Issue of Bonus Shares	0.09	-	16.72

5. Smt. Nitu Saraf			
i. Dividend	0.00	0.18	-
ii. Issue of Bonus Shares	0.09	-	16.72
6. Smt. Bhawana Goenka			
i. Dividend	0.00	0.00	-
ii. Issue of Bonus Shares	0.11	-	0.11

Transactions with Related Parties on Unconsolidated basis

(in Rs. Lacs)

a. Shareholders having substantial interest						
	For the Period Ended	**For the Year Ended 31st March**				
	on 31st Dec 2009	**2009**	**2008**	**2007**	**2006**	**2005**
Sh. Nand Lal Goenka						
i. Remuneration	11.25	9.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	459.90	-	481.80	-	-	-
iii. Unsecured Loan						
Opening	-	5.00	5.00	-	39.50	39.50
Received	-	15.00	-	5.00	-	-
Paid	-	20.00	-	-	39.50	-
Closing	-	-	5.00	5.00	-	39.50
iv. Payables in Current Account	6.71	3.75	2.86	1.51	-	-
v. Rent paid	2.48	-	-	-	-	-
vi. Dividend	5.26	5.26	-	-	-	-
b. Subsidiary Companies						
M.B. Diamonds LLC						
i. Investment made	-	-	2.03	-	-	-
ii. Advance given	30.59	61.55	-	-	-	-
iii. Purchases	59.07	271.65	25.13	-	-	-
iv. Payables	-	-	25.04	-	-	-
c. Enterprises where significant influence						
1. Mystique Jewels	-	-	-	-	-	-
i. Sale	-	-	-	-	-	277.26
ii. Purchases	-	-	-	-	-	4.68
iii. Receivables	-	2.60	2.60	2.60	3.80	275.90
iv. Advances Given/ (Taken)	-	-	-	-	-	-
Opening	13.60	5.50	-	-	-	-
Paid	13.60	8.10	5.50	-	-	-
Received	-	-	-	-	-	-
Closing	-	13.60	5.50	-	-	-
2. Goenka Diamonds Private Limited						
i. Purchases	-	-	-	-	7.74	7.74
ii. Unsecured Loan						
Opening	-	-	-	8.11	8.26	8.26
Received	-	-	-	-	-	-

Paid	-	-	-	8.11	0.15	-
Closing	-	-	-	-	8.11	8.26
3. Goenka Jewellers						
i. Sale	-	-	-	-	1,243.40	318.30
ii. Purchases	-	52.30	0.67	-	-	-
iii. Receivables	-	-	-	718.97	719.06	159.20
iv. Advances Given/ (Taken)						
Opening	8.72	-	-	-	-	-
Paid	-	472.30	406.60	556.06	-	-
Received	8.72	463.58	406.60	556.06	-	-
Closing	-	8.72	-	-	-	-
v. Unsecured Loan						
Opening	-	-	-	-	0.11	25.26
Received	-	-	-	-	-	18.35
Paid	-	-	-	-	0.11	43.50
Closing	-	-	-	-	-	0.11
vii. Guarantees Given	692.97	692.97	692.97	1,300.00	700.00	700.00
4. Geet holding Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
5. Yash holding Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
6. Sonam Complex Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
7. Goenka Infra Projects Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
8. Goenka Infra Builders Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
9. Goenka Properties Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
10. Goenka Entertainments Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
11. Nand Lal Goenka(HUF)						
i. Dividend	1.82	1.82	-	-	-	-
ii. Issue of Bonus Shares	159.60	-	167.20	-	-	-
d. Key Management Personnel & Relatives						
1. Navneet Goenka						
i. Remuneration	9.00	6.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	182.72	-	174.79	-	-	-
iii. Payables in Current Account	3.47	1.12	2.96	1.54	-	-
iv. Rent paid	2.25	-	-	-	-	-
v. Dividend	2.09	1.91	-	-	-	-
2. Nitin Goenka						
i. Remuneration	9.00	6.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	191.22	-	183.70	-	-	-
iii. Payables in Current Account	3.54	1.77	3.13	1.70	-	-
iv. Rent Paid	2.25	-	-	-	-	-
iv. Dividend	2.19	2.00	-	-	-	-
3. Smt. Nirmala Goenka						

i. Remuneration	-	-	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	48.30	-	50.60	-	-	-
iii. Unsecured Loan						
Opening	-	-	-	-	78.03	92.03
Received	-	-	-	-	-	-
Paid	-	-	-	-	78.03	14.00
Closing	-	-	-	-	-	78.03
iv. Payables in Current Account	**-**	-	4.05	1.65	-	-
v. Dividend	0.55	0.55	-	-	-	-
4. Smt. Namita Jain						
i. Unsecured Loan	**-**	-	-	-	-	-
Opening	1.15	1.15	1.15	1.15	1.15	1.35
Received	-	-	-	-	-	-
Paid	1.15	-	-	-	-	0.20
Closing	-	1.15	1.15	1.15	1.15	1.15
ii. Dividend	0.00	0.18	-	-	-	-
iii. Issue of Bonus Shares	0.09	-	16.72	-	-	-
5. Smt. Nitu Saraf						
i. Dividend	0.00	0.18	-	-	-	-
ii. Issue of Bonus Shares	0.09	-	16.72	-	-	-
6. Smt. Bhawana Goenka						
i. Dividend	0.00	0.00	-	-	-	-
ii. Issue of Bonus Shares	0.11	-	0.11	-	-	-

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

The table below provides information of dividends declared by our Company during the last five Fiscals.

(Rs. in lakhs except per share data)

	Year ended March 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Face value of equity shares (Rs.)	10	10	100	100	100
Dividend	11.91	11.91	Nil	Nil	Nil
Dividend tax	2.02	2.02	Nil	Nil	Nil
Dividend per Equity Share (Rs.) final	0.10	0.10	Nil	Nil	Nil
Dividend rate (%)	1.00	1.00	Nil	Nil	Nil

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

SECTION V – FINANCIAL INFORMATION

AUDITOR'S REPORT ON THE STANDALONE RESTATED FINANCIAL STATEMENTS OF GOENKA DIAMOND AND JEWELS LIMITED

To,
The Board of Directors,
Goenka Diamond and Jewels Limited
401, Panchratna, MSB ka Rasta,
Johari Bazar,
Jaipur – 302 003

Dear Sirs,

1. We have examined the attached restated financial information of **Goenka Diamond and Jewels Limited (erstwhile Goenka Exports Limited)** (hereinafter referred as 'the Company'), as approved by the Board of Directors of the Company and initialed by us for the purpose of identification, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 ("SEBI Regulation")and in terms of our engagement agreed upon by us with the Company in connection with the proposed Initial Public Offer of equity shares of the Company.

2. The Restated financial statements is based on the financial statements of the Company for the period ended December 31, 2009 jointly audited by Haribhakti & Co and B. Khosla & Co. and for the year ending on March,2009, 2008, 2007, 2006 and 2005 audited by B. Khosla & Co, the statutory auditors of the company during those years and accordingly reliance has been placed on those financial statements.

3. The financial information is prepared to be included in the Offer Document of the Company in connection with the public issue of its equity shares.

Financial Information

4. The information referred to above, relating to profits and losses, assets and liabilities and cash flows of the Group is contained in the following Annexure to this report:
   a. Annexure A containing the Summary statement of assets and liabilities, as restated as at December 31 2009, March 31, 2009, 2008, 2007, 2006 and 2005.
   b. Annexure B containing the Summary statement of profit and loss, as restated for the period ended December 31, 2009, year ended March 31, 2009, 2008, 2007, 2006 and 2005.
   c. Annexure C contains the Summary statement of cash flows, as restated for the period ended December 31, 2009 year ended March 31, 2009, 2008, 2007, 2006 and 2005.
   d. Annexure D- contains Notes on Adjustments as restated for the period ended December 31, 2009 year ended March 31, 2009, 2008, 2007, 2006 and 2005.

e. Annexure E contains the Summary of Significant Accounting Policies and Significant Notes to Accounts.

Other Financial Information

5. Other financial information relating to the Company prepared by the Company is attached in Annexure F to T to this report:

    i. Statement of Contingent Liabilities as appearing in **Annexure F** to this report.
    ii. Statement of Dividend Paid / proposed as appearing in **Annexure G** to this report.
    iii. Statement of Restated Related Party Transactions as appearing in **Annexure H** to this report.
    iv. Statement of Restated Other Income as appearing in **Annexure I** to this report.
    v. Statement of Restated Accounting Ratios as appearing in **Annexure J** to this report.
    vi. Statement of Restated Secured Loans as appearing in **Annexure K** to this report.
    vii. Statement of Restated Unsecured Loans as appearing in **Annexure L** to this report.
    viii. Statement of Restated Current Liabilities and Provisions as appearing in **Annexure M** to this report.
    ix. Statement of Restated Sundry Debtors including details of debts due from related parties as appearing in **Annexure N** to this report.
    x. Statement of Restated Other Current Assets as appearing in **Annexure O** to this report.
    xi. Statement of Restated Loans and Advances as appearing in **Annexure P** to this report.
    xii. Statement of Restated Investments as appearing in **Annexure Q** to this report.
    xiii. Statement of Restated Capitalization statement as appearing in **Annexure R** to this report.
    xiv. Statement of Tax Shelter appearing in **Annexure S** to this report.
    xv. Statement of Restated Segment Information as appearing in **Annexure T** to this report.

6. We have examined, as appropriate, the financial information contained in the aforesaid Annexure and state that:

    a. The financial information, prepared by the Company, is based on the financial statements of the Company for the period ended December 31 2009, year ended March 31, 2009, 2008, 2007, 2006 and 2005 audited by us and approved by the Board of Directors.

    b. The financial information is arrived at after making such adjustments as, in our opinion, are appropriate in the year to which they relate as detailed in Annexure D attached to this report.

7. Based on examination of the Restated Summary Statements, we confirm that:

    a. The impact arising on account of changes in accounting policies adopted by the Company as at and for the period ended December 31 2009 have been adjusted with retrospective effect in the attached Restated Summary Statements except for the following;

During the period ended September 30, 2009, the company has accounted for its gratuity liability based on the actuarial valuation determined by an independent actuary based on Projected Unit Credit method. However necessary adjustments and disclosures for period prior to March 31, 2008 have not been done for reasons stated in Note 2 of Notes on Adjustments in Annexure E.

b. The prior period items have been adjusted in the Restated Summary Statements in the years to which they relate;

c. There are no extraordinary items which need to be disclosed separately in the Restated Summary Statements; and

d. Necessary adjustments have been made in the Restated Summary Statements, except for provision for taxes for the reason mentioned in Note No. 9(c) of Annexure E, for qualifications in Auditor's Report wherever having financial impact.

8. In our opinion, the financial information of the Company as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations except Sales of manufactured goods and of traded goods which has not been separately disclosed for reasons specified in Note 6 of Notes on Adjustments in Annexure E.

9. This report is intended solely for your information and for inclusion in the offer documents in connection with the Initial Public offer of equity shares of the Company and is not intended or suitable for any other purpose.

10. This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

For B. Khosla & Co.
Chartered Accountants

Sandeep Mundra
Partner
Membership No. 75482
Registration No. 000205C
Place: Mumbai

Date: 6th March, 2010

For Haribhakti & Co.
Chartered Accountants

Rakesh Rathi
Partner
Membership No. 45228
Registration No. 103523W
Place: Mumbai

Date: 6th March, 2010

Annexure A

Summary Statement of Assets and Liabilities, as restated [Figures in Lacs]

Particulars	As on	As at March 31,				
	31st Dec 2009	2,009	2,008	2,007	2,006	2,005
A. Tangible assets						
Fixed Assets						
Gross Block	1,175.81	1,099.34	655.57	622.74	586.24	553.49
Less: Accumulated Depreciation	397.75	320.72	269.08	233.58	202.41	173.43
Net block	**778.06**	**778.62**	**386.48**	**389.16**	**383.82**	**380.06**
Capital Work in progress including capital advances	-	3.12	84.56	8.72	-	-
Total	**778.06**	**781.74**	**471.04**	**397.87**	**383.82**	**380.06**
B. Intangible Assets						
Gross Block	7.50	7.50	-	-	-	-
Less: Amortization	2.25	0.63	-	-	-	-
Net Block	5.25	6.88	-	-	-	-
Total	**5.25**	**6.88**	**-**	**-**	**-**	**-**
C. Investments	2.03	2.03	2.03	-	-	-
D. Deferred Tax Asset	16.27	17.36	16.93	15.41	19.32	18.62
E. Current Assets, Loans and Advances						
Sundry debtors	37,482.30	24,649.49	9,560.23	5,736.26	2,865.38	1,813.67
Cash & Bank Balances	372.60	763.18	184.86	131.10	113.90	34.15
Inventories	9,476.26	5,556.28	1,272.25	1,243.78	776.25	1,884.38
Loans & Advances	234.71	263.44	115.23	57.40	215.69	94.45
Total	**47,565.88**	**31,232.40**	**11,132.56**	**7,168.53**	**3,971.22**	**3,826.65**
F. Liabilities & Provisions						
Current Liabilities & Provisions	32,418.82	19,840.53	5,149.42	2,820.22	613.28	406.99
Secured Loan	5,707.78	5,165.51	2,159.97	1,674.73	940.41	926.05
Unsecured Loan	-	1.15	6.15	6.15	9.26	127.05
Total	**38,126.60**	**25,007.19**	**7,315.54**	**4,501.09**	**1,562.95**	**1,460.08**
G. Net Worth (A+B+C+D+E-F)	**10,240.89**	**7,033.22**	**4,307.03**	**3,080.73**	**2,811.42**	**2,765.25**
Net Worth represented by:						
H. Equity Share Capital	**2,232.90**	**1,190.88**	**1,190.88**	**99.24**	**99.24**	**99.24**
I. Reserves and Surplus						
General Reserve	99.08	99.08	31.04	-	-	-
Profit and Loss Account	8,029.43	5,743.26	3,085.11	2,981.49	2,712.18	2,666.01
	8,128.51	**5,842.34**	**3,116.15**	**2,981.49**	**2,712.18**	**2,666.01**
Total (H+I)	**10,361.41**	**7,033.22**	**4307.03**	**3080.73**	**2811.42**	**2765.25**
J. Misc. Expenditure to the Extent Not Written Off	120.52	-	-	-	-	-
K. Net Worth (H+I+J)	**10,240.89**	**7,033.22**	**4,307.03**	**3,080.73**	**2,811.42**	**2,765.25**

Note:

1. The accompanying significant accounting policies and Notes to the restated financial information are an integral part of this Restated Summary Statement of Assets and Liabilities.

Annexure B

Summary Statement of Profit and Loss, as restated [Figures in Lacs]

Particulars	For the period ended	For the year ended on 31st March				
	31st Dec 2009	2009	2008	2007	2006	2005
I. Income						
Operating Income(Sales)	40,904.98	44,377.47	20,055.64	7,359.46	3,813.34	2,759.17
Exchange Difference (Net)	-	714.48	-	-	46.47	30.50
Other Income	9.96	37.01	6.28	1.08	0.54	0.51
Total-A	**40,914.94**	**45,128.95**	**20,061.92**	**7,360.54**	**3,860.35**	**2,790.17**
II. Expenditure						
Operating Expenses	36,223.79	41,391.79	18,107.15	6,701.94	3,608.71	2,615.85
Administration & Other Expenses	338.08	226.59	151.34	59.48	57.63	49.86
Employee Remuneration & benefits	169.90	182.17	90.53	27.72	24.35	15.24
Finance Charges	423.32	406.73	215.91	134.65	61.53	58.55
Exchange Difference (Net)	97.78	-	205.73	116.07	-	-
Depreciation & Amortization	78.65	56.37	33.68	29.34	28.53	31.97
Total-B	**37,331.53**	**42,263.66**	**18,804.33**	**7,069.19**	**3,780.75**	**2,771.47**
III. Profit before taxation (A-B)	**3,583.42**	**2,865.30**	**1,257.58**	**291.35**	**79.60**	**18.70**
Less: Provision for taxation	-	-	-	-	-	-
-Current	256.15	123.89	13.97	13.30	29.71	10.62
-Deferred	1.09	(3.25)	(0.70)	5.11	(0.31)	(21.87)
-Fringe benefit tax	(2.01)	6.85	2.90	2.15	3.09	-
	255.23	**127.49**	**16.17**	**20.56**	**32.49**	**(11.24)**
IV. Profit After Taxation as per audited statement of accounts (C)	**3,328.19**	**2,737.81**	**1,241.42**	**270.78**	**47.11**	**29.94**
Adjustments on account of changes in a accounting policies	-	6.25	(3.97)	(1.82)	(0.46)	-
Adjustments on account of taxes	-	(3.94)	1.93	1.20	(0.48)	4.21
Impact on account of material adjustments and prior period items	-	-	1.29	(1.29)	-	-
Total adjustments (E)	**-**	**(2.31)**	**(0.75)**	**(1.91)**	**(0.94)**	**4.21**
Tax impact on adjustments	-	-	0.43	(0.43)	-	-
Total adjustments net of tax impact (F)	-	**(2.31)**	**(1.19)**	**(1.47)**	**(0.94)**	**4.21**
	-	-	-	-	-	-
V. Adjusted profit/(loss)(C+F)	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**
Surplus/(Deficit) brought forward from the Previous year	**5,743.26**	**3,085.11**	**2,981.49**	**2,712.18**	**2,666.01**	**2,631.85**
VI. Profit available for appropriation						
Proposed equity dividend (Interim/Final)	-	11.91	11.91	-	-	-
Tax on dividend	-	2.02	2.02	-	-	-
Issue of Bonus shares	1,042.02	-	1,091.64	-	-	-
Transfer to Reserve	-	68.04	31.04	-	-	-
VII. Adjusted Available Surplus/(Deficit) carried forward	**8,029.42**	**5,743.25**	**3,085.10**	**2,981.50**	**2,712.18**	**2,666.01**

Note:

1. The accompanying significant accounting policies and Notes to the restated financial information are an integral part of this Restated Summary Statement of Profit and Loss Account.

2. The entire sales of the company was derived from single activity on Gems & Jewellery sector.

Annexure C

Summary Statement of Cash Flows, as restated [Figures in Lacs]

Particulars	As on	As at March 31,				
	31st Dec 2009	2009	2008	2007	2006	2005
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit after taxation and extraordinary items as restated:	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**
Adjustments for:						
Depreciation	78.65	52.26	35.50	31.17	28.99	31.97
Unrealized Foreign exchange difference	591.80	184.43	30.31	115.69	15.11	-
Gratuity	0.18	(0.63)	3.25	0.50	0.93	0.25
Finance charges (net)	413.43	399.76	214.88	134.46	61.53	58.55
Provision for taxes including deferred tax	255.23	131.43	14.67	18.92	32.97	(15.45)
Cash generated from operations before Working	**4667.48**	**3,507.38**	**1,538.83**	**570.04**	**185.70**	**109.48**
Capital Changes Adjustments for:						
Changes in Trade and Other Receivables	(14,029.07)	(13,559.01)	(3,859.34)	(2,895.91)	(1,166.21)	(709.25)
Changes in Inventory	(3,919.98)	(4,284.04)	(28.47)	(467.52)	1,108.12	900.78
Changes in Trade Payables	13,027.70	12,969.56	2,273.63	2,276.87	180.70	47.04
Cash generated from/(used in) Operations	**(253.88)**	**(1,366.11)**	**(75.34)**	**(516.53)**	**308.32**	**348.05**
Income Taxes paid (net)	(132.33)	(45.83)	(26.68)	(31.04)	(6.82)	(12.77)
Fringe benefit tax	(2.32)	(2.52)	(2.90)	(5.00)	(0.24)	-
Net Cash Flow from /(used in) Operating Activities	**(388.53)**	**(1,414.46)**	**(104.92)**	**(552.56)**	**301.26**	**335.28**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	(73.34)	(369.84)	(108.67)	(45.22)	(32.75)	(0.94)
(Purchase)/Sale of Investments (net)	-	-	(2.03)	-	-	-
Interest Received	9.89	6.97	1.03	0.19	-	-
Dividend Received						
Net Cash from / (used in) Investing Activities	**(63.46)**	**(362.87)**	**(109.67)**	**(45.03)**	**(32.75)**	**(0.94)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Issue of Shares/Share Application Money	-	-	-	-	-	-
Proceeds/(Repayment) from/of Long Term borrowings (net)	-	(5.00)	-	(3.11)	(117.79)	(289.43)
IPO / Share issue Expenditure	(120.52)	-	-	-	-	-
Proceeds/(Repayment) from/of Short Term Borrowings (net)	619.23	2,781.32	484.25	752.54	(9.44)	26.02
Finance Charges Paid	(423.32)	(406.73)	(215.91)	(134.65)	(61.53)	(58.55)
Dividend Paid (including dividend distribution tax)	(13.99)	(13.93)	-	-	-	-
Net Cash from / (used in) Financing Activities	**61.40**	**2,355.65**	**268.35**	**614.78**	**(188.76)**	**(321.97)**
Net increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(390.58)**	**578.32**	**53.76**	**17.20**	**79.75**	**12.37**
Cash and Cash Equivalents at the beginning of the year	**763.18**	**184.86**	**131.10**	**113.90**	**34.15**	**21.78**
Cash and Cash Equivalents at the end of the year	**372.60**	**763.18**	**184.86**	**131.10**	**113.90**	**34.15**
Components of cash and cash equivalent						
- Cash and cheques on hand	28.93	8.20	0.93	17.24	7.40	24.06
- With banks						
- On current account	211.12	624.48	164.42	103.86	96.51	0.10
- On deposit account restricted	132.56	130.51	19.51	10.00	10.00	10.00
- On deposit account unrestricted	**-**	**-**	**-**	**-**	**-**	**-**

Note : The accompanying significant accounting policies and Notes to the restated financial information are an integral part of this Restated Summary Statement of Cash Flows.

Annexure D

Notes on adjustments made in the restated Statements [Figures in Lacs]

Particulars	For the period ended	For the year ended on 31st March				
	31st Dec 2009	2009	2008	2007	2006	2005
Profit after tax as per audited financial statements	3,328.19	2,737.81	1,241.42	270.78	47.11	29.94
Increase/Decrease in accumulated profits as a result of adjustments for:	-	-	-	-	-	-
-Depreciation	-	4.10	(1.82)	(1.82)	(0.46)	-
-Gratuity	-	2.15	(2.15)	-	-	-
-Additional Tax Provision	-	-	-	-	-	-
-Deferred tax expense	-	(2.82)	0.82	1.20	0.40	0.40
-Prior period expense/ taxes	-	(1.11)	2.40	(1.29)	(0.88)	3.81
-Tax effect on adjustments	-	-	(0.43)	0.43	-	-
Adjusted/Restated profit	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**

Balance in Profit and Loss Account as at April 1, 2004-Restated

Balance in Profit and Loss Account as per Audited Financial Statements	2,634.78
Less: Income tax of prior years	(3.13)
Add: excess provision of wealth tax for earlier year reversed	0.21
Balance in Profit and Loss Account as at April 1, 2004-Restated	**2,631.85**

Annexure E – Restated Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

a. The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and generally accepted Accounting principles applicable in India (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.

b. The financial statements have been prepared under historical cost convention on an accrual basis.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition cost, freight, duties, taxes and other incidental expense incurred during the construction / installation stage attributable to bringing the asset to working condition for its intended use.

Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.

4. Depreciation and Amortization

Depreciation on Fixed Assets is being provided on written down value method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956.

Leasehold lands are amortized over the initial period of lease.

The expenditure incurred on improvement on leased premises is written off evenly over the initial period of lease.

5. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the assets belongs, is less than the carrying amount, carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

6. Inventories

a. Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on 'First-in First-out', 'Specific Identification', or "Weighted Averages' basis. Cost of Inventories comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.

c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

7. Investments

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made if such decline is other than temporary in nature.

Current investments are carried at cost.

8. Revenue Recognition

Sale of Goods:

Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

Dividend on Investment:

Dividends are recognized when the right to receive payment is established.

9. **Foreign Currency Transactions:**

a. Initial Recognition:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

b. Conversion:

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments. Contingent Liabilities are translated at closing rate.

c. Exchange Differences:

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

d. Forward Exchange Contract not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the profit and loss account in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

10. Retirement Benefits

Short term and other long term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

The Company's Liability towards gratuity is determined on the basis of year end actuarial valuations applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Profit and Loss Account as income or expense.

11. Provision for Current and Deferred Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

12. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of past event,
b. a probable outflow of resources is expected to settle the obligation and
c. the amount of the obligation can be reliably estimated

Contingent Liability is disclosed in case of

a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

B. NOTES ON ADJUSTMENTS

a. Having impact on Profit

1. Depreciation and Amortization

During the year ended March 31, 2009 consideration paid for leasehold land at SEZ at Sachin, Surat has been amortized over the initial lease period of 15 years beginning from December 2006. The same have been recognized as expense in the respective years.

2. Provision for Employee Benefits

During the period ended March 31, 2009 the Company has accounted for its Gratuity liability based on actuarial valuation determined by independent actuary on Projected Unit Credit method. Consequent to adoption of this policy the provision for gratuity for the period ended March 31, 2008 has been adjusted on the basis of actuarial valuation. However necessary adjustments and disclosure for the other prior periods have not been made due to non availability of relevant data for those periods.

3. Provision for Income Tax:

For the year ended March 31, 2007; March 31, 2008 and March 31, 2009 the auditors have qualified their audit report of respective years regarding provision for Income tax in respect of SEZ unit. The tax provisions have been adjusted in the restated accounts of respective years without considering the consequential effect, if any. However our income tax assessment for the assessment year 2007-08 has been completed and no demand for additional tax liability has been raised by the authority pertaining to the manner in which deduction on profit of SEZ unit has been claimed.

4. Prior Period Adjustments

The prior period items/ income tax/ wealth tax relating to earlier years in the profit and loss account have been reallocated to respective years.

5. Deferred Tax adjustments

Deferred tax adjustments consequent to the above adjustments have been adjusted in respective years. Deferred Tax assets / liability relating to prior periods have been adjusted in the respective years.

b. Having no impact on Profit

6. Sub division and Bonus issue of shares

The Equity Shares of face value of Rs. 100 each were subdivided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008. As a result 992,400 equity shares of Rs.10 each were issued in place of 99,240 equity shares of face value of Rs. 100 each. Further the Company issued Bonus shares in the ratio of 11 shares for each equity share of Rs. 10 each on March 29, 2008 and issued bonus shares in the ratio of 7 shares for every 8 equity shares of Rs.10 each on September 6 2009. As a result 21,336,600 equity shares were issued by capitalization of reserves. Accordingly accounting ratios have been computed on the basis of number of equity shares post split and post bonus issues.

7. Sales of traded goods

The Company manufactures cut and polished diamonds and also purchases finished cut and polished diamonds which are pooled under various lots on the basis of shapes, size and quality. These finished cut and polished diamonds are subsequently sold either in the form of Jewellery or loose diamond sales. As the goods are remixed to create new lots for better realization it is difficult to find out exact proportion of manufactured and traded goods sales. Accordingly the breakup of sales into traded goods and manufactured goods as required under SEBI (ICDR) Regulations are not furnished.

8. Contingent Liabilities

In respect of working capital limits of Rs. 28.00 crore, to one of the associate group concern, for which the company has given corporate guarantee to the lender banks, the lender banks vide letters dated 15th September 2009 confirmed that the corporate guarantee given by the company is only to the extent of Rs 692.97 lacs, which is the value of company's properties given as collateral security. Accordingly the contingent liability for the respective years has been restated.

9. Material Regroupings

Interest earned on Fixed Deposits has been regrouped to Other Income in the respective years. The same is deducted in Interest cost in the audited accounts of the respective year.

C. NOTE ON ADJUSTMENTS NOT MADE

9. No adjustments in the restated accounts have been made for the following remarks made by the auditors in the respective audit reports as these qualifications does not have any financial impact over the profitability of the Company:

a) Regarding balances confirmations of Sundry Debtors, Sundry Creditors and Loans and Advance in the year ending March 31, 2008; March 31, 2007; March 31, 2006 and March 31, 2005.

b) Regarding maintenance of excessive cash balances during the year for the years ending March 31, 2007; March 31, 2006 and March 31, 2005.

D. OTHER SIGNIFICANT NOTES ON ACCOUNTS AS ON 31st DECEMBER, 2009

11. The Title Deed in respect of Flat at Jaipur is not yet registered in the name of the Company. Expenses on stamp duty etc. related to registration thereof will be accounted for as and when incurred.

12. The title deed of Office Premises at Panchratna, Mumbai Flat at Jaipur and Office space at Jaipur has been mortgaged with Banks against the Working Capital loans given to one of the associate firm in which directors are partners. Further FDR of Rs. 15.05 lacs have also been pledged with banks for loan given to the said firm.

13. Inventories include Rs. 8.19 lacs of stock lying seized with Income Tax Authorities.

14. All the figures are rounded up to nearest rupees in lakhs.

15. Deferred Tax consists of :-

	As at	As at March 31,				
	Dec 31 2009	2009	2008	2007	2006	2005
Deferred Tax assets on account of						
a. Timing Difference of Depreciation	14.34	8.20	14.85	14.21	17.34	18.13
b. On Provision for Gratuity	1.93	1.87	2.08	0.89	0.80	0.49
c. On disallowances under I. T. Act	-	7.29	-	0. 31	1.18	
Total Deferred Tax Assets	**16.27**	**17.36**	**16.93**	**15.41**	**19.32**	**18.62**

16. Obligation towards operating Leases

	April-Dec 2009	2009	2008
Not later than one year	68.60	80.12	6.06
Later than one year but not later than five years	176.63	200.89	15.72
Later than 5 years	-	-	-
Total	245.23	281.01	21.78

There are no lease obligations for years prior to financial year 2007-2008.

Annexure F

Summary Statement of Contingent Liabilities, as restated

[Figures in Lacs]

Particulars	As at	As at March 31,				
	31st Dec 2009	2009	2008	2007	2006	2005
Corporate Guarantee						
Guarantee given to banks in respect of credit facilities sanctioned to a group concern in which directors are interested as partners	692.97	692.97	692.97	1,300.00	700.00	700.00
Income Tax Matters						
Other Income Tax Matters	33.89	33.89	35.30	33.75	22.25	20.75
Total	**726.86**	**726.86**	**728.27**	**1,333.75**	**722.25**	**720.75**

Annexure G

Statement of Dividend declared

Particulars	For the period ended	For the year ended on 31st March				
	31st Dec 2009	2009	2008	2007	2006	2005
Equity Dividend						
Equity Share Capital	2,232.90	1,190.88	1,190.88	99.24	99.24	99.24
Rate of Dividend	**-**	**1%**	**1%**	**-**	**-**	**-**
Amount of Proposed Dividend	-	11.91	11.91	**-**	**-**	**-**
Tax on Dividend	-	2.02	2.02	**-**	**-**	**-**

Note:
No dividend on equity share capital were declared for the years ended March 31, 2005, March 31, 2006 and March 31, 2007

Annexure H

I. Names of the related parties and their relationship

Relationship	Name
a. Shareholders having substantial interest	Sh. Nand Lal Goenka
b. Subsidiary Companies	M.B. Diamonds LLC
c. Enterprises where significant influence exists	Mystique Jewels Goenka Diamonds Private Limited Goenka Jewellers Geet Holding Private Limited Yash Holding Private Limited Sonam Complex Private Limited Goenka Infra Projects Private Limited Goenka Infra Builders Private Limited Goenka Entertainments Private Limited Goenka Properties Private Limited Nand Lal Goenka (HUF)
d. Key Management Personnel & Relatives	Sh. Nandlal Goenka- Chairman Sh. Navneet Goenka - Vice Chairman & Joint Managing Director Sh. Nitin Goenka - Joint Managing Director Smt. Nirmala Goenka Smt. Namita Jain Smt. Nitu Saraf Smt. Bhawna Goenka

II. Transactions with Related Parties

a. Shareholders having substantial interest [Figures in Lacs]

	For the Period Ended	**For the Year Ended 31st March**				
	on 31st Dec 2009	**2009**	**2008**	**2007**	**2006**	**2005**
Sh. Nand Lal Goenka						
i. Remuneration	11.25	9.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	459.90	-	481.80	-	-	-
iii. Unsecured Loan						
Opening	-	5.00	5.00	-	39.50	39.50
Received	-	15.00	-	5.00	-	-
Paid	-	20.00	-	-	39.50	-
Closing	-	-	5.00	5.00	-	39.50
iv. Payables in Current Account	6.71	3.75	2.86	1.51	-	-
v. Rent paid	2.48	-	-	-	-	-
vi. Dividend	5.26	5.26	-	-	-	-

b. Subsidiary Companies

	For the Period Ended on 31st Dec 2009	For the Year Ended 31st March				
		2,009	2,008	2,007	2,006	2,005
M.B. Diamonds LLC						
i. Investment made	-	-	2.03	-	-	-
ii. Advance given	30.59	61.55	-	-	-	-
iii. Purchases	59.07	271.65	25.13	-	-	-
iv. Payables	-	-	25.04	-	-	-

c. Enterprises where significant influence exists

	For the Period Ended on 31st Dec 2009	For the Year Ended 31st March				
		2,009	2,008	2,007	2,006	2,005
1. Mystique Jewels	**-**	-	-	-	-	-
i. Sale	-	-	-	-	-	277.26
ii. Purchases	-	-	-	-	-	4.68
iii. Receivables	-	2.60	2.60	2.60	3.80	275.90
iv. Advances Given/ (Taken)	**-**	-	-	-	-	-
Opening	13.60	5.50	-	-	-	-
Paid	13.60	8.10	5.50	-	-	-
Received	-	-	-	-	-	-
Closing	-	13.60	5.50	-	-	-
2. Goenka Diamonds Private Limited						
i. Purchases	-	-	-	-	7.74	7.74
ii. Unsecured Loan						
Opening	-	-	-	8.11	8.26	8.26
Received	-	-	-	-	-	-
Paid	-	-	-	8.11	0.15	-
Closing	-	-	-	-	8.11	8.26
3. Goenka Jewellers						
i. Sale	-	-	-	-	1,243.40	318.30
ii. Purchases	-	52.30	0.67	-	-	-
iii. Receivables	-	-	-	718.97	719.06	159.20
iv. Advances Given/ (Taken)						
Opening	8.72	-	-	-	-	-
Paid	-	472.30	406.60	556.06	-	-
Received	8.72	463.58	406.60	556.06	-	-
Closing	-	8.72	-	-	-	-
v. Unsecured Loan						
Opening	-	-	-	-	0.11	25.26
Received	-	-	-	-	-	18.35
Paid	-	-	-	-	0.11	43.50
Closing	-	-	-	-	-	0.11
vii. Guarantees Given	692.97	692.97	692.97	1,300.00	700.00	700.00

	For the Period Ended on 31st Dec 2009	2,009	2,008	2,007	2,006	2,005
4. Geet holding Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
5. Yash holding Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
6. Sonam Complex Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
7. Goenka Infra Projects Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
8. Goenka Infra Builders Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
9. Goenka Properties Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
10. Goenka Entertainments Private Limited						
Transaction with Related Party	NIL	NIL	NIL	NIL	NIL	NIL
11. Nand Lal Goenka (HUF)						
i. Dividend	1.82	1.82	-	-	-	-
ii. Issue of Bonus Shares	159.60	-	167.20	-	-	-

d. Key Management Personnel & Relatives

	For the Period Ended	For the Year Ended 31st March				
	on 31st Dec 2009	2,009	2,008	2,007	2,006	2,005
1. Navneet Goenka						
i. Remuneration	9.00	6.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	182.72	-	174.79	-	-	-
iii. Payables in Current Account	3.47	1.12	2.96	1.54	-	-
iv. Rent paid	2.25	-	-	-	-	-
v. Dividend	2.09	1.91	-	-	-	-
2. Nitin Goenka						
i. Remuneration	9.00	6.00	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	191.22	-	183.70	-	-	-
iii. Payables in Current Account	3.54	1.77	3.13	1.70	-	-
iv. Rent Paid	2.25	-	-	-	-	-
iv. Dividend	2.19	2.00	-	-	-	-
3. Smt. Nirmala Goenka						
i. Remuneration	-	-	2.40	1.70	1.20	1.20
ii. Issue of Bonus Shares	48.30	-	50.60	-	-	-
iii. Unsecured Loan						
Opening	-	-	-	-	78.03	92.03
Received	-	-	-	-	-	-
Paid	-	-	-	-	78.03	14.00
Closing	-	-	-	-	-	78.03

iv. Payables in Current Account	**-**	-	4.05	1.65	-	-
v. Dividend	0.55	0.55	-	-	-	-
4. Smt. Namita Jain						
i. Unsecured Loan	**-**	-	-	-	-	-
Opening	1.15	1.15	1.15	1.15	1.15	1.35
Received	-	-	-	-	-	-
Paid	1.15	-	-	-	-	0.20
Closing	-	1.15	1.15	1.15	1.15	1.15
ii. Dividend	0.00	0.18	-	-	-	-
iii. Issue of Bonus Shares	0.09	-	16.72	-	-	-
5. Smt. Nitu Saraf						
i. Dividend	0.00	0.18	-	-	-	-
ii. Issue of Bonus Shares	0.09	-	16.72	-	-	-
6. Smt. Bhawana Goenka						
i. Dividend	0.00	0.00	-	-	-	-
ii. Issue of Bonus Shares	0.11	-	0.11	-	-	-

Annexure I

Details of Other Income

[Figures in Lacs]

Particulars	For the period ended 31st Dec 2009	For the year ended 31st March				
		2009	2008	2007	2006	2005
Interest on Fixed Deposits with banks	9.89	6.97	1.03	0.19	-	-
Unclaimed balances written back	-	0.14	-	-	-	-
Premium on Forward Contract	-	29.49	5.25	-	-	-
Discount and Commission	0.08	0.40	-	0.89	0.54	0.51
Total (Gross other income)	**9.96**	**37.01**	**6.28**	**1.08**	**0.54**	**0.51**
Net Profit before tax as restated	**3,583.42**	**2,871.55**	**1,254.90**	**288.24**	**79.14**	**18.70**
Other Income as % of Net Profit	**0.28%**	**1.29%**	**0.50%**	**0.37%**	**0.69%**	**2.71%**

Annexure J

Summary of Accounting ratios

[Figures in Lacs]

Particulars	**For the period ended**	**For the year ended on 31st March**				
	31st Dec 2009	**2009**	**2008**	**2007**	**2006**	**2005**
Nominal value of Shares (Rs.)	**10**	**10**	**10**	**100**	**100**	**100**
Number of shares Outstanding During the Year	22,329,000	11,908,800	11,908,800	99,240	99,240	99,240
Effective Number of Shares	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000
Adjusted profit/(loss) After Tax in Lacs	3,328.19	2,740.12	1240.23	269.31	46.18	34.15
Earnings per Share						
Basic	**14.91**	**12.27**	**5.55**	**1.21**	**0.21**	**0.15**
Diluted	**14.91**	**12.27**	**5.55**	**1.21**	**0.21**	**0.15**
Net Asset Value per Share- (Rs)	**45.86**	**31.50**	**19.29**	**13.80**	**12.59**	**12.38**
Return on Net Worth (%)	**32.50%**	**38.96%**	**28.80%**	**8.74%**	**1.64%**	**1.24%**
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000	22,329,000

Notes:

1. The accounting ratios calculated for the period ended Dec.2009 pertains to nine month period and hence not comparable.

2. The Earning per share is calculated in accordance with AS-20 issued by ICAI

3. Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve, if any) – Miscellaneous Expenditure + Preference Share Capital

4. Net Profit, as restated as appearing in the summary statement of profit and losses, of the company has been considered for the purpose of computing the above ratios.

5. Company has split the face value of share from Rs. 100/- per share to Rs. 10/- per share on 21st March,2008 and issued bonus shares in the ratio of 1:11on 29th March 2008 and in the ratio of 8:7 on 6th Sep ,2009. All the above accounting ratios have been calculated accordingly.

Annexure K

Statement of Secured Loans

[Figures in Lacs]

Particulars	**As on**	**As at March 31,**				
	31st Dec 2009	**2009**	**2008**	**2007**	**2006**	**2005**
Term Loan	-	-	-	-	-	-
Working Capital Loans	5,707.78	5,165.51	2,159.97	1,674.73	940.41	926.05
Overdraft facility	-	-	-	-	-	-
Vehicle loan	-	-	-	-	-	-
Total	**5,707.78**	**5,165.51**	**2,159.97**	**1,674.73**	**940.41**	**926.05**

Details of Borrowing As on 31st Dec. 2009

Nature of Borrowing	**Name of Institution**				
	State Bank of India	**Punjab and Sind bank**	**Punjab National bank**	**UCO Bank**	**Total**
Export Credit					
Sanctioned Amount	1,300.00	1,560.00	1,440.00	700.00	5,000.00
Adhoc Limit	260.00	312.00	288.00	140.00	1,000.00
Total	**1,560.00**	**1,872.00**	**1,728.00**	**840.00**	**6,000.00**
Outstanding					
In INR	1,559.66	1,759.72	1,688.69	699.71	5,707.78
In Foreign Currency	-	-	-	-	-
Total	**1,559.66**	**1,759.72**	**1,688.69**	**699.71**	**5,707.78**
Rate of Interest					
INR Loan	As Per Export Credit Interest rate specified by RBI based on Nature of facility and tenure				
Foreign Currency Loan	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%
Repayment Terms	On Demand	On Demand	On Demand	On Demand	On Demand

Notes : Details of Security

Working Capital Facilities is secured by:

i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis

ii) Further secured, on pari-passu basis: -

a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director and Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai

b. Pledge of FDRs of Rs. 110 lacs

c. Personal Guarantees of all Directors of the Company.

Annexure L

Statement of Unsecured Loans [Figures in Lacs]

Particulars	As on	As at March 31,				
	31st Dec 2009	2009	2008	2007	2006	2005
Short Term Loan						
Other than Short term						
Inter Corporate Deposits	-	-	-	-	8.11	8.26
From Others	-	1.15	1.15	1.15	1.15	1.15
Loan from Associate Firm	-	-	-	-	-	0.11
Loan from Directors	-	-	5.00	5.00	-	117.53
Total	**-**	**1.15**	**6.15**	**6.15**	**9.26**	**127.05**

Annexure M

Details of Current Liabilities and Provisions

Particulars	As on	As at March 31,				
	31st Dec 2009	2009	2008	2007	2006	2005
Particulars						
Current Liabilities						
Sundry Creditors	32,085.53	19,118.62	4,994.57	2,290.06	533.87	354.61
Advance from Customers	17.13	2.13	9.67	491.86	42.02	41.94
Due to Directors in Current Account	13.72	6.65	13.00	6.40	-	-
Due to Subsidiaries	-	-	25.04	-	-	-
Unpaid Dividends	-	-	-	-	-	-
Total Current Liabilities	**32,116.38**	**19,127.40**	**5,042.27**	**2,788.31**	**575.89**	**396.55**
Other Liabilities						
Bank Overdraft	32.26	0.46	-	0.71	-	0.74
Salary Expenses Outstanding	20.96	24.48	5.87	1.81	0.44	0.61
Statutory dues & Taxes	2.67	6.03	3.52	3.07	0.26	0.05
Unearned Premium-Forward Contrct	-	61.25	-	-	-	-
Outstanding Forward Contract Provision	-	509.40	72.90	7.50	-	-
Sundry Creditors for Expenses	1.20	2.17	0.78	1.81	0.01	0.02
Other Misc item.	36.49	7.53	5.14	1.86	1.00	0.90
Total Other Liabilities	**93.57**	**611.32**	**88.20**	**16.75**	**1.72**	**2.31**
Interest Accrued but not due	-	-	-	-	-	-
Total Current & Other Liabilities	**32,209.96**	**19,738.72**	**5,130.47**	**2,805.06**	**577.61**	**398.86**
Provisions						
Proposed Dividend	-	11.91	11.91	-	-	-
Dividend Tax on proposed dividend	-	2.02	2.02	-	-	-
Provision for taxes	203.19	78.06	(1.11)	12.28	30.45	6.68
Fringe Benefit tax	-	4.33	-	-	2.85	-
Retirement Benefits	5.67	5.49	6.13	2.88	2.38	1.45
Total Provisions	**208.86**	**101.82**	**18.95**	**15.16**	**35.67**	**8.13**
Grand Total	**32,418.82**	**19,840.54**	**5,149.42**	**2,820.22**	**613.28**	**406.99**

Annexure N

Statement of Sundry Debtors

[Figures in Lacs]

Particulars	As on 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
Sundry debtors						
Outstanding for a period exceeding six months						
-Considered good	10,846.28	3,964.15	28.19	1,589.28	402.65	294.30
-Considered doubtful	-	-	-	-	-	-
Other Debts						
-Considered good	26,636.02	20,685.34	9,532.03	4,146.98	2,462.72	1,519.36
-Considered doubtful	-	-	-	-	-	-
Less: Provision	-	-	-	-	-	-
Total	**37,482.30**	**24,649.49**	**9,560.23**	**5,736.26**	**2,865.38**	**1,813.67**
Out of above						
Due from related parties		2.60	2.60	721.58	722.87	435.11

Annexure O

Details of Other Current Assets

Particulars	As on 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
Cash on hand	28.93	8.20	0.93	17.24	7.40	24.06
Bank Balances						
In Current Account	211.12	624.48	164.42	103.86	96.51	0.10
In Fixed Deposits	132.56	130.51	19.51	10.00	10.00	10.00
GRAND TOTAL	**372.60**	**763.18**	**184.86**	**131.10**	**113.90**	**34.15**

Annexure P

Details of Loans & Advances

Particulars	As on 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
Advances recoverable in cash or in kind or for value to be received						
- considered good	96.16	113.53	68.74	31.88	200.39	80.75
- considered doubtful	-	-	-	-	-	-
Advances to Subsidiaries	30.59	61.55	-	-	-	-
Prepayments	39.71	16.35	6.61	21.52	13.57	12.15
Deposits & Retentions	68.25	72.02	12.16	3.98	1.73	1.55
Advance tax (Net of provisions)	-	-	26.91	-	-	-
Advance Fringe Benefit Tax (Net of provisions)	-	-	0.80	0.01	-	-
Total	**234.71**	**263.44**	**115.23**	**57.40**	**215.69**	**94.45**
Out of above						
Due from related parties	30.59	83.87	5.50	-	-	-

Annexure Q

[Figures in Lacs]

Details of Investments

Particulars	As on	As at March 31,				
	31st Dec 2009	2009	2008	2007	2006	2005
Investment- Long Term						
Trade Investments-Quoted						
Promoter Group Companies	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total-A	-	-	-	-	-	-
Trade Investments-Unquoted						
Equity Shares in Subsidiary-M B Diamonds LLC	**2.03**	**2.03**	**2.03**	-	-	-
Others	-	-	-	-	-	-
Total-B	**2.03**	**2.03**	**2.03**	-	-	-
Non-Trade Investments- Quoted						
Promoter Group Companies	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total-C	-	-	-	-	-	-
Less: Provision for diminution in investments **(D)**	-	-	-	-	-	-
Net Investments **(A+B+C-D)**	**2.03**	**2.03**	**2.03**	-	-	-
Market value of Quoted Investments	-	-	-	-	-	-

Note:

The company has Invested Rs. 203190/- in Russian company M.B.Diamonds a LLC on March 10, 2008 in consideration of 95% equity capital of the company

Annexure R

[Figures in Lacs]

Capitalization Statement

Capitalization Statement	As on 31st Dec 2009		Post-Issue		
	Pre-Issue				
	As per the latest Audited Statements	As on the Date of RHP			
Particulars					
Debt as at March 31, 2009					
Short Term Debt	5,707.78				
Long Term Debt	-				
Total Debt	**5,707.78**				
Shareholders' Fund					
Share Capital					
- Equity	2,232.90				
- Preference	-				
Reserves	8,128.50				
Less : Misc. Expenditure	(120.51)				
Total Shareholders' Fund	**10,240.89**				
Total Debt/ Shareholders' Funds (Ratio)	**0.56: 1**				

Note:
The capitalization statement has been calculated on the basis of restated financial statements.

Annexure S

Statement of Tax Shelters [Figures in Lacs]

Particulars	As at 31st Dec 2009	As at March 31, 2009	2008	2007	2006	2005
Profit/(Loss) before tax but after Extraordinary items as restated (A)	**3,583.42**	**2,859.05**	**1,260.27**	**294.45**	**80.06**	**18.70**
Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax at notional rate on profits	1,218.00	971.79	428.37	99.11	26.95	6.84
Adjustments:						
Permanent Differences (B)						
Deduction u/s 10AA of the Act *(as claimed in the returns)*	2885.40	2,537.15	1,226.40	255.80	-	-
Dividend exempt u/s 10(33), (34) & (35)	-	-	-	-	-	-
Other Adjustments	-	(4.20)	(0.00)	(0.59)	-	-
Penalties - interest on late deposit of TDS	(0.79)	-	(0.01)	-	-	-
Fee for increase in authorized share capital	(21.00)	-	(7.70)	-	-	-
Donations	(1.01)	(0.13)	(0.12)	-	-	(0.12)
Less: Deduction U/S 80G	1.01	-	-	-	-	0.06
Total Permanent Differences (B)	**2863.61**	**2,532.82**	**1,218.57**	**255.21**	**-**	**(0.06)**
Timing Differences (C)						
Difference between tax depreciation and book depreciation	(13.30)	13.19	1.96	5.21	1.97	2.62
Disallowances u/s 40(a)(ia) (net)	-	(23.40)	(0.29)	(4.30)	(3.31)	(0.31)
Provision for Leave Encashment/ Gratuity	(0.18)	(1.51)	(1.10)	(0.50)	(0.93)	(0.25)
Total Timing Differences (C)	**(13.48)**	**(11.72)**	**0.57**	**0.41**	**(2.27)**	**2.06**
Net Adjustments (B+C)	**2850.13**	**2,521.10**	**1,219.13**	**255.62**	**(2.27)**	**2.00**
Tax Saving thereon	968.76	856.92	414.38	86.04	(0.76)	0.73
Total Adjustments (D)	-	(6.25)	2.68	3.11	0.46	-
Tax effect there of	-	-	0.43	(0.43)	-	-
Profit/(Loss) as per Income Tax Returns (E)=(A-B-C-D)	**733.29**	**344.20**	**38.45**	**35.73**	**81.87**	**16.70**
Brought Forward Losses adjusted (F)	-	**-**	**-**	**-**	**-**	**-**
Taxable Income/(Loss) (E+F)	**733.29**	**344.20**	**38.45**	**35.73**	**81.87**	**16.70**
Taxable Income/(Loss) as per MAT	**698.02**	321.30	31.26	33.90	77.44	18.95
Tax as per Income tax as returned	**250.00**	**116.99**	**11.88**	**12.03**	**27.56**	**6.11**
Interest u/s 234	-	10.04	0.47	1.44	3.03	0.71
Total Tax as per return	**250.00**	**127.03**	**12.36**	**13.47**	**30.59**	**6.82**
Carry forward business loss	-	-	-	-	-	-
Carry forward depreciation loss	-	-	-	-	-	-
Total carry forward loss as per return of the year	**-**	-	-	-	-	-

Annexure T

[Figures in Lacs]

Segment Reporting

Particulars	As at December 31, 2009				As at March 31, 2009				As at March 31, 2008			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)												
Revenue												
Segment Revenue	29,795	11,110	-	**40,905**	34,287	10,090	-	**44,377**	16,320	3,736	-	20,056
Results												
Segment Results	1,996	2,038	-	**4,034**	937	1,477	-	**2,415**	1,488	242	-	1,730
Exchange Gain (Net) (unallocable)				(98)				744				(258)
				-								
Operating Profit				**3,936**				**3,159**				**1,472**
				-								
Interest Income				10				7				1
Unallocable Expenses				(9)				-				-
Interest Expenses				(354)				(300)				(216)
				-								
Net Profit before tax.				**3,583**				**2,865**				**1,258**
Segment Assets	38,253	9,674	441	48,367	27,612	3,559	869	32,040	10,750	645	228	11,623
Segment Liabilities	31,803	6,024	300	38,127	23,962	935	110	25,008	7,188	25	256	7,469
Net Capital Employed	6,450	3,650	140	10,241	3,650	2,624	759	7,033	3,562	619	(28)	4,153
Capital Expenditure	71	3	-	73	231	139	-	370	109	-	-	109
Depreciation & Amortization	50	28	-	79	38	15	-	52	36	-	-	36
Non Cash expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-	-	-

Secondary Segment (by Geographical area)

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	12,941	27,964	40,905	13,838	30,540	44,377	3,888	16,167	20,056

AUDITOR'S REPORT ON THE CONSOLIDATED RESTATED FINANCIAL STATEMENTS OF GOENKA DIAMOND AND JEWELS LIMITED AND ITS SUBSIDIARY

To,
The Board of Directors,
Goenka Diamond and Jewels Limited
401, Panchratna, MSB ka Rasta,
Johari Bazar,
Jaipur – 302 003

Dear Sirs,

1. We have examined the attached restated consolidated financial information of **Goenka Diamond and Jewels Limited (erstwhile Goenka Exports Limited)** (hereinafter referred as 'the Company') and its subsidiary M. B. Diamonds LLC (the Company and its subsidiary constitute 'the Group'), as approved by the Board of Directors of the Company and initialed by us for the purpose of identification, prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 ("SEBI Regulation")and in terms of our engagement agreed upon by us with the Company in connection with the proposed Initial Public Offer of equity shares of the Company.

2. The Restated Consolidated Summary statements are based on the consolidated financial statements of the Company*(also refer para 6 (c) and (d) in this regard)*for the period ended December 31, 2009, year ended March 31, 2009, and financial period March 10 to March 31, 2008, approved by the Board of Directors and audited by us, during those years/periods.

3. The financial information is prepared to be included in the Offer Document of the Company in connection with the public issue of its equity shares.

Financial Information

4. The information referred to above, relating to profits and losses, assets and liabilities and cash flows of the Group is contained in the following Annexure to this report:
   a. Annexure A containing the Consolidated Summary statement of assets and liabilities, as restated as at December 31 2009, March 31, 2009, and March 31, 2008.
   b. Annexure B containing the Consolidated Summary statement of profit and loss, as restated for the period ended December 31, 2009, year ended March 31, 2009, and for the period March 10, 2008 to March 31, 2008.
   c. Annexure C contains the Consolidated Summary statement of cash flows, as restated for the period ended December 31, 2009 year ended March 31, 2009, and for the period March 10, 2008 to March 31, 2008.
   d. Annexure D contains Notes on Adjustments as restated as at December 31 2009, March 31, 2009, and March 31, 2008.

e. Annexure E contains the Consolidated Summary of Significant Accounting Policies and Significant Notes to Accounts.

Other Financial Information

5. Other financial information relating to the Group prepared by the Company is attached in Annexure F to S to this report:

   i. Consolidated Statement of Contingent Liabilities as appearing in **Annexure F** to this report.
   ii. Consolidated Statement of Dividend Paid / proposed as appearing in **Annexure G** to this report.
   iii. Consolidated Statement of Restated Related Party Transactions as appearing in **Annexure H** to this report.
   iv. Consolidated Statement of Restated Other Income as appearing in **Annexure I** to this report.
   v. Consolidated Statement of Restated Accounting Ratios as appearing in **Annexure J** to this report.
   vi. Consolidated Statement of Restated Secured Loans as appearing in **Annexure K** to this report.
   vii. Consolidated Statement of Restated Unsecured Loans as appearing in **Annexure L** to this report.
   viii. Consolidated Statement of Restated Current Liabilities and Provisions as appearing in **Annexure M** to this report.
   ix. Consolidated Statement of Restated Sundry Debtors including details of debts due from related parties as appearing in **Annexure N** to this report.
   x. Consolidated Statement of Restated Other Current Assets as appearing in **Annexure O** to this report.
   xi. Consolidated Statement of Restated Loans and Advances as appearing in **Annexure P** to this report.
   xii. Consolidated Statement of Restated Investments as appearing in **Annexure Q** to this report.
   xiii. Consolidated of Restated Capitalization statement as appearing in **Annexure R** to this report.
   xiv. Consolidated Statement of Restated Segment Information as appearing in **Annexure S** to this report.

6. We have examined, as appropriate, the consolidated financial information contained in the aforesaid Annexure and state that:

   a. The consolidated financial information, prepared by the Company, is based on the financial statements of the Group for the period ended December 31 2009, year ended March 31, 2009, and period ended March 31 2008, audited by us and approved by the Board of Directors.

b. The consolidated financial information is arrived at after making such adjustments as, in our opinion, are appropriate in the year to which they relate as detailed in Annexure D attached to this report.

c. We have not audited the financial statements of the subsidiary M. B. Diamonds LLC whose financial statements reflect total assets of Rs. 131.07 lakhs, Rs.132.50 lakhs and Rs. 325.71 lakhs as on December 31 2009, March 31 2009 and March 31, 2008 respectively, total revenue of Rs. 225.44 lakhs, Rs.246.36 lakhs and Rs. 30.54 lakhs for the period ending on December 31 2009, March 31 2009 and March 31, 2008 respectively. Certain financial information have been compiled by the management which have not been audited and have been relied upon by us.

d. The management have also confirmed that the extracted financial information of the subsidiary have been made after incorporating:

- necessary adjustments on account of all significant differences in accounting policies under similar circumstances

- adjustments for changes in accounting policy retrospectively in respective financial period to reflect the same accounting treatment as per changed accounting policy for all reporting periods.

- adjustments for the material amounts in respective financial periods to which they relate

Further they have also indicated that there are no extraordinary items that need to be disclosed separately in the accounts and there are no other qualifications in the auditors' report which require any adjustments to the summary statements.

7. Subject to our observation in para 6 (c) and (d) above and based on the examination of the Restated Consolidated Summary Statements, we confirm that:

a. The impact arising on account of changes in accounting policies adopted by the Group as at and for the period ended December 31 2009 have been adjusted with retrospective effect in the attached Restated Consolidated Summary Statements ;

b. The prior period items have been adjusted in the Restated Summary Statements in the years to which they relate;

c. There are no extraordinary items which need to be disclosed separately in the Restated Summary Statements; and

d. Necessary adjustments have been made in the Restated Summary Statements, except for provision for taxes for the reason mentioned in Note No. 9(c) of Annexure E, for qualifications in Auditor's Report wherever having financial impact.

8. In our opinion, the financial information of the Group as attached to this report, read with the significant accounting policies and notes on accounts and other notes contained in the aforesaid Annexures has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Regulations except Sales of manufactured goods and of traded goods which has not been separately disclosed for reasons specified in Note 6 of Notes on Adjustments in Annexure E.

9. This report is intended solely for your information and for inclusion in the offer documents in connection with the Initial Public offer of equity shares of the Company and is not intended or suitable for any other purpose.

10. This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

For B. Khosla & Co.
Chartered Accountants

Sandeep Mundra
Partner
Membership No. 75482
Registration No. 000205C
Place: Mumbai

Date: 6th March, 2010

For Haribhakti & Co.
Chartered Accountants

Rakesh Rathi
Partner
Membership No. 45228
Registration No. 103523W
Place: Mumbai

Date: 6th March, 2010

Annexure A

Consolidated Statement of Assets and Liabilities, as restated

(In Rs. Lakhs)

Particulars	As at	As at 31st March	
	31st Dec 2009	**2009**	**2008**
A. Tangible assets			
Fixed Assets			
Gross Block	1,176.03	1,099.63	655.86
Less: Accumulated Depreciation	398.04	321.01	269.32
Net block	777.99	778.62	386.53
Capital Work in progress inclu. capital advances	-	3.12	84.56
Total	**777.99**	**781.74**	**471.09**
Gross Block (Inclu. Goodwill on Consolidation)	22.85	22.78	15.28
Less: Amortization	2.25	0.63	-
Net Block	20.60	22.16	15.28
Total	**20.60**	**22.16**	**15.28**
C. Investments	-	-	-
D. Deferred Tax Asset	16.27	17.36	16.93
E. Current Assets, Loans and Advances			
Sundry debtors	37,482.30	24,649.49	9,560.23
Cash & Bank Balances	372.69	763.39	185.01
Inventories	9,544.43	5,658.70	1,461.86
Loans & Advances	259.67	231.75	224.20
Total	**47,659.09**	**31,303.35**	**11,431.30**
F. Liabilities & Provisions			
Current Liabilities & Provisions	32,422.94	19,845.36	5,143.98
Secured Loan	5,707.78	5,165.51	2,159.97
Unsecured Loan	129.08	135.80	321.79
Total	**38,259.81**	**25,146.67**	**7,625.74**
G. Net Worth (A+B+C+D+E-F)	10,214.14	6,977.93	4,308.86
Net Worth represented by:			
H. Equity Share Capital	2,232.90	1,190.88	1,190.88
I. Reserves and Surplus	-	-	
General Reserve	99.08	99.08	31.04
Profit and Loss Account	7,995.11	5,679.54	3,086.96
Foreign Currency Translation Reserve	7.56	8.43	(0.02)
Total	**8,101.75**	**5,787.05**	**3,117.98**
Total (H+I)	10,334.66	6,977.93	4,308.86
J. Misc. Expenditure	120.52	-	-
K. Net Worth (H+I-J)	10,214.14	6,977.93	4,308.86

Note 1: The accompanying significant accounting policies and Notes to the restated financial information are an integral part of this Restated Consolidated Statement of Assets and Liabilities.

Annexure B

Consolidated Statement of Profit and Loss, as restated (Figures in Lakhs)

Particulars	For the period ended	For the year ended 31st March	
	31st Dec 2009	2009	2008
I. Income			
Operating Income(Sales)	41,041.35	44,383.79	20,055.64
Exchange Difference (Net)	-	651.86	3.53
Other Income	9.96	37.01	6.28
Total-A	**41,051.31**	**45,072.66**	**20,065.45**
II. Expenditure			
Operating Expenses	36,344.37	41,378.56	18,106.02
Administration & Other Expenses	351.95	239.66	153.15
Employee Remuneration & benefits	170.22	190.09	90.63
Finance Charges	424.24	408.21	216.10
Exchange Difference (Net)	68.64	-	205.73
Depreciation & Amortization	78.65	56.41	33.69
Total-B	**37,438.07**	**42,272.93**	**18,805.32**
III. Profit before taxation (A-B)	**3,613.24**	**2,799.73**	**1,260.13**
Less: Provision for taxation		-	
-Current	256.57	123.89	13.97
-Deferred	1.09	(3.25)	(0.70)
-Fringe benefit tax	(2.01)	6.85	2.90
Total provision for current taxes	**255.65**	**127.49**	**16.17**
IV. Profit After Taxation Before Minority Interest as per audited statement of accounts (C)	**3,357.60**	**2,672.24**	**1,243.96**
Minority Interest (Refer Note D(10) of Annexure E)	**-**	**-**	**(0.70)**
V. Profit After Taxation After Minority Interest (D)	**3,357.60**	**2,672.24**	**1,243.26**
Adjustments on account of changes in a accounting policies	-	6.25	(3.97)
Adjustments on account of taxes	-	(3.94)	1.93
Impact on account of material adjustments and prior period items	-	-	1.29
Total adjustments (E)	**-**	**2.31**	**(0.75)**
Tax impact on adjustments	-	-	0.43
Total adjustments net of tax impact (F)	-	**2.31**	(1.19)
VI. Adjusted profit/(loss)(D+F)	**3,357.60**	**2,674.55**	**1,242.07**
Surplus/(Deficit) brought forward from the Previous year	**5,679.54**	**3,086.96**	**2,981.49**
VII. Profit available for appropriation			
Proposed equity dividend (Interim/Final)	-	11.91	11.91
Tax on dividend	-	2.02	2.02
Issue of Bonus shares	1,042.02	-	1,091.64
Transfer to Reserve	-	68.04	31.04
VIII. Adjusted Available Surplus/(Deficit) carried forward	**7,995.15**	**5,679.54**	**3,086.95**

Notes

1. The accompanying significant accounting policies and Notes to the restated financial information are an integral part of this Consolidated Restated Statement of Profit and Loss Account.

2. The entire sales of the company was derived from single activity on Gems and Jewellery sector.

Annexure C

Consolidated Statement of Cash Flows, as restated (Figures in Lakhs)

Particulars	For the period ended	For the year ended 31st March	
	31st Dec 2009	2,009	2,008
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit after taxation and extraordinary items as restated:	**3,357.60**	**2,674.56**	**1,242.08**
Adjustments for:			
Depreciation	78.65	52.31	35.52
Unrealized Foreign exchange difference	590.93	192.88	30.86
Gratuity	0.18	(0.63)	3.24
Finance charges (net)	414.35	401.24	215.07
Provision for taxes including deferred tax	255.65	131.43	14.67
Cash generated from operations before Working	**4,697.36**	**3,451.79**	**1,541.44**
Capital Changes Adjustments for:			
Changes in Trade and Other Receivables	(14,085.71)	(13,418.34)	(3,962.27)
Changes in Inventory	(3,885.73)	(4,196.84)	(5.64)
Changes in Trade Payables	13,027.00	12,979.83	2,264.61
Cash generated from/(used in) Operations	**(247.08)**	**(1,183.57)**	**(161.86)**
Income Taxes paid (net)	(132.75)	(45.83)	(26.68)
Fringe benefit tax	(2.32)	(2.52)	(2.90)
Net Cash Flow from /(used in) Operating Activities	**(382.16)**	**(1,231.92)**	**(191.44)**
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES			
Purchase of Fixed Assets	(73.35)	(369.84)	(108.67)
Interest Received	9.89	6.97	1.03
Net Cash from / (used in) Investing Activities	**(63.46)**	**(362.87)**	**(107.64)**
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES			
Proceeds from Issue of Shares/Share Application Money	-	-	-
Proceeds/(Repayment) from/of Long Term borrowings (net)	-	(5.00)	-
IPO/Share Issue Expenses	(120.52)	-	-
Proceeds/(Repayment) from/of Short Term Borrowings (net)	613.66	2,600.32	569.09
Finance Charges Paid	(424.24)	(408.21)	(216.10)
Dividend Paid (including dividend distribution tax)	(13.99)	(13.93)	-
Net Cash from / (used in) Financing Activities	**54.91**	**2,173.18**	**352.99**
Net increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	**(390.71)**	**578.39**	**53.91**
Cash and Cash Equivalents at the beginning of the year	**763.40**	**185.01**	**131.10**
Cash and Cash Equivalents at the end of the year	**372.69**	**763.40**	**185.01**
Components of cash and cash equivalent			
- Cash on hand	28.93	8.20	0.93
- With banks			
- On current account	211.20	624.69	164.57
- On deposit account restricted	132.56	130.51	19.51
- On deposit account unrestricted	-	-	-

Note 1: The accompanying significant accounting policies and Notes to the Consolidated restated financial information are an integral part of this Restated Consolidated Statement of Cash Flows.

Annexure E – Restated Consolidated Significant Accounting Policies and Notes to Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Consolidated Financial Statements

(a) The consolidated financial statement relates to **Goenka Diamond And Jewels Limited,** ('the Company) and its Subsidiary "M.B.Diamond,LLC" (together referred to as 'the Group') and has been prepared in compliance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and relevant provision of the Companies Act, 1956.

b. The consolidated financial statements have been prepared under historical cost convention on an accrual basis.

1.1 <u>Principles of Consolidation</u>

(a) The Subsidiary considered in the consolidated financial Statement is :

Name of Subsidiary	Country of Incorporation	Ownership Interest/ Voting Power	Financial Year Period
M.B. Diamonds LLC	Russia	95%	April 09 to Dec. 09

(b) The Consolidated financial statement has been prepared on the following basis.

(i) The consolidated financial statements have been prepared in accordance with the Accounting Standard 21, "Consolidated Financial Statement" issued by the Institute of Chartered Accountants of India.

(ii) The financial statements of the Group have been consolidated on a line-by-line basis by adding together the book values of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in un-realized profits or losses.

(iii) The consolidated financial statements have been prepared by using uniform accounting policies for like transaction and other events in similar circumstances and are presented to the extent possible, in the same manner as those of the parent company's independent financial statements unless stated otherwise.

(iv) The operations of foreign subsidiary have been considered by the management, as non integral operations as described Accounting Standard – AS 11 (revised) "Accounting for the effects of changes in foreign exchange rates".

(v) The difference between the cost to the company of its investments in the subsidiary and its portion of equity of subsidiary on the date it became subsidiary is recognized in the financial statement as Goodwill or Capital Reserve, as the case may be. This is based upon determination of pre-acquisition profits/losses and of net worth on the date of acquisition determined by the management on the basis of certain estimates which have been relied upon by the auditors.

(vi) Minority Interest in the consolidated financial statement is identified and recognized after taking into consideration;

- The Minority share of movement in equity since the date parent-subsidiary relationship came into existence.
- The Profits/losses attributable to the minority are adjusted against the income of the group in order to arrive at the net income attribute to the company.

(vii) As per requirement of AS-28 “Impairment of Assets” issued by ICAI, the management is of the opinion that there is no impairment of goodwill (on consolidation) except as provided in the financial statement.

(viii) All Employees’ related benefits including social security have been provided in accordance with the laws of the country in which the individual entity is operating.

(ix) The financial statements of M.B.Diamonds, LLC for the period have been prepared & are audited as per the generally accepted principles (GAAP) of the country in which it operates, on calendar year basis. To bring the reporting period of subsidiary similar to reporting period of the holding company, the financial statements of subsidiary are prepared and audited, on financial year basis, for the purpose of consolidation.

The period for which audited financial of subsidiary considered, for the purpose of restated consolidated accounts are:

Reporting Period	Financial Accounts of Subsidiary
For drawing the financial statements for the period ending 31st March 2008.	Audited financial statements of the subsidiary for the period, *10th March-31st March 2008 have been considered for the purposes of consolidation. (10th March, 2008 being the date of acquisition)
For drawing the financial statements for the period April 08- March 2009.	Audited financial statements of the subsidiary for the period, 1st April 2008-31st March 2009 have been considered for the purposes of consolidation
For drawing the financial statements for the period April 09- December 2009	Audited financial statements of the subsidiary for the period, 1st April 2009-31st December 2009 have been considered for the purposes of consolidation

* Being subsidiary acquired on 10th march 2008, Profit and loss account for the period is considered for the purpose of consolidation.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. Cost includes capital cost, freight, duties, taxes and other incidental expense incurred during the construction / installation stage attributable to bringing the asset to working condition for its intended use.

Expenditure on software is recognized as ‘Intangible Assets’ to be amortized over three years.

4. Depreciation and Amortization

Depreciation on Fixed Assets is being provided on written down value method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956 or based on the rates applicable in the domicile country.

Leasehold lands are amortized over the initial period of lease.

The expenditure incurred on improvement on leased premises is written off evenly over the initial period of lease.

5. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the assets belongs, is less than the carrying amount, carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

6. Inventories

a. Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on 'First-in First-out', 'Specific Identification', or "Weighted Averages' basis. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

b. Raw Materials include materials issued for production. Materials consumed are materials used for production of finished goods only.

c. Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors.

7. Investments

Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are carried at cost.

8. Revenue Recognition

Sale of Goods:

Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

Dividend on Investment:

Dividend is recognized when the right to receive payment is established.

9. Foreign Currency Transactions:

a. Initial Recognition:

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

b. Conversion:

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments. Contingent Liabilities are translated at closing rate.

c. Exchange Differences:

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

d. Forward Exchange Contract not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the profit and loss account in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

10. Retirement Benefits

Short term and other long term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

The Company's Liability towards gratuity is determined on the basis of year end actuarial valuations applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Profit and Loss Account as income or expense.

11. Provision for Current and Deferred Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

12. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of past event,
b. a probable outflow of resources is expected to settle the obligation and
c. the amount of the obligation can be reliably estimated

Contingent Liability is disclosed in case of

a. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
b. a possible obligation, unless the probability of outflow of resources is remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

B. **NOTES ON ADJUSTMENTS**

a. Having impact on Profit

1. <u>Depreciation and Amortization</u>

During the year ended March 31, 2009 consideration paid for leasehold land at SEZ at Sachin, Surat has been amortised over the initial lease period of 15 years beginning from December 2006. The same have been recognized as expense in the respective years.

2. **Provision for Employee Benefits**

During the year ended March 31, 2009 the Company has accounted for its Gratuity liability based on actuarial valuation determined by independent actuary on Projected Unit Credit method. Consequent to adoption of this policy the provision for gratuity for the year ended March 31, 2008 has been adjusted on the basis of actuarial valuation. However necessary adjustments and disclosure for the other prior periods have not been made due to non availability of relevant data for those periods.

3. **Prior Period Adjustments**

The prior period items/ income tax/ wealth tax relating to earlier years in the profit and loss account have been reallocated to respective years.

4. **Deferred Tax adjustments**

Deferred tax adjustments consequent to the above adjustments have been adjusted in respective years. Deferred Tax assets / liability relating to prior periods have been adjusted in the respective years.

b. Having no impact on Profit

5. **Sub division and Bonus issue of shares**

The Equity Shares of face value of Rs. 100 each were subdivided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008. As a result 992,400 equity shares of Rs.10 each were issued in place of 99,240 equity shares of face value of Rs. 100 each. Further the Company issued Bonus shares in the ratio of 11 shares for each equity share of Rs. 10 each on March 29, 2008 and issued bonus shares in the ratio of 7 shares for every 8 equity shares of Rs.10 each on September 6 2009. As a result 21,336,600 equity shares were issued by capitalization of reserves. Accordingly accounting ratios have been computed on the basis of number of equity shares post split and post bonus issues.

6. **Sales of traded goods**

The Company manufactures cut and polished diamonds and also purchases finished cut and polished diamonds which are pooled under various lots on the basis of shapes, size and quality. These finished cut and polished diamonds are subsequently sold either in the form of Jewellery or loose diamond sales. As the goods are remixed to create new lots for better realization it is difficult to find out exact proportion of manufactured and traded goods sales. Accordingly the breakup of sales into traded goods and manufactured goods as required under SEBI (ICDR) Regulations are not furnished.

7. **Contingent Liabilities**

In respect of working capital limits of Rs. 28.00 crore, to one of the associate group concern, for which the company has given corporate guarantee to the lender banks, the lender banks vide letters dated 15th September 2009 confirmed that the corporate guarantee given by the company is only to the extent of Rs 692.97 lacs, which is the value of company's properties given as collateral security. Accordingly the contingent liability for the respective years has been restated.

8. **Material Regroupings**

Interest earned on Fixed Deposits has been regrouped to Other Income in the respective years. The same is deducted in Interest cost in the audited accounts of the respective year. Certain items in the financial statements of the subsidiary have been classified based on management judgments.

C. NOTE ON ADJUSTMENTS NOT MADE

9. No adjustments in the restated accounts have been made for the following remarks made by the auditors in the respective audit reports as these qualifications does not have any financial impact over the profitability of the Company:

a) For the year ended March 31, 2008 and March 31, 2009 the auditors have qualified their audit report of respective years regarding provision for Income tax with respect to deduction available in respect of SEZ unit. Erstwhile, section 10AA (7) of Income Tax Act, 1961 requires deduction on profit of SEZ unit in proportion to total turnover of the assesses for the said assessment years and accordingly company would have additional tax liability of Rs.441.20 lakhs.

The Finance Bill 2010 has proposed to amend Section 10AA (7) of the Income Tax Act to allow deduction of profits in proportion to the export turnover of the undertaking with retrospective effect from Assessment year 2006-2007. Taking into consideration the proposed relaxation in Finance Bill 2010, the company's management is of view that no additional tax liability as stated above would be payable and accordingly no provision for tax has been made in consolidated restated accounts of the respective years.

b) Regarding balances confirmations of Sundry Debtors, Sundry Creditors and Loans and Advance in the year ending March 31, 2008.

D. OTHER SIGNIFICANT NOTES ON ACCOUNTS AS ON 31st DECEMBER, 2009

10. Movement in Minority Interest [Rs in Lacs]

Minority Interest	For the period ended	For the year ended 31st March	
	December 2009	2009	2008
Opening Balance	(3.92)	(0.48)	(0.70)
Movements during the period	1.88	(3.44)	0.22
Closing Balance	(2.03)	(3.92)	(0.48)

Losses applicable to the Minority exceeding the minority interest in the equity of the subsidiary at the time of making the Investment have been charged to Consolidated Profit & Loss Account.

11. The Title Deed in respect of Flat at Jaipur is not yet registered in the name of the Company. Expenses on stamp duty etc. related to registration thereof will be accounted for as and when incurred.

12. The title deed of Office Premises at Panchratna, Mumbai Flat at Jaipur and Office space at Jaipur has been mortgaged with Banks against the Working Capital loans given to one of the associate firm in which directors are partners. Further FDR of Rs. 15.05 lacs have also been pledged with banks for loan given to the said firm.

13. All the figures are Rounded-up to nearest rupees in lakhs.

14. Inventories include Rs. 8.19 lacs of stock lying seized with Income Tax Authorities.

15. Deferred Tax consists of :- [Rs in Lacs]

	Particulars	For the period ended	For the year ended 31st March	
		December 2009	**2009**	**2008**
a	**Deferred Tax Assets**	-	-	-
	i. On account of Depreciation	14.34	8.20	14.85
	ii. On account of disallowance under Income Tax Act	-	7.29	-
	iii. On Account of Provision for Gratuity	1.93	1.87	2.08
	Total	**16.27**	**17.36**	**16.93**

16. Obligation towards operating Leases [Rs in Lacs]

Particulars	For the period ended	For the year ended 31st March	
	December 2009	**2009**	**2008**
Not later than one year	80.88	88.82	7.29
Later than one year but not later tan five years	188.91	209.59	16.95
Later than 5 years	-	-	-
Total	269.80	298.41	24.24

Annexure D

Notes on adjustments made in the Restated Consolidated Statements (Figures in Lakhs)

Particulars	For the period ended	For the year ended 31st March	
	31st Dec 2009	2009	2008
Profit after tax After adj. of Minority Interest as per audited financial statements	3,357.60	2,672.24	1,243.26
Increase/Decrease in accumulated profits as a result of adjustments for:			
-Depreciation	-	4.10	(1.82)
-Gratuity	-	2.15	(2.15)
-Additional Tax Provision	-	-	-
-Deferred tax expense	-	(2.82)	0.82
-Prior period expense/ taxes	-	(1.11)	2.40
-Tax effect on adjustments	-	-	(0.43)
Adjusted/Restated profit	**3,357.60**	**2,674.56**	**1,242.08**

Annexure F

Consolidated Statement of Contingent Liabilities, as restated (Figures in Lakhs)

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Corporate Guarantee			
Guarantee given to banks in respect of credit facilities sanctioned to a group concern in which directors are interested as partners	692.97	692.97	692.97
Income Tax Matters			
Other Income Tax Matters	33.89	33.89	35.30
Total	**726.86**	**726.86**	**728.27**

Annexure G

Consolidated Statement of Dividend declared (Figures in Lakhs)

Particulars	For the period ended	For the year ended 31st March	
	31st Dec 2009	2009	2008
Equity Dividend			
Equity Share Capital	2,232.90	1,190.88	1,190.88
Rate of Dividend	**-**	**1%**	**1%**
Amount of Proposed Dividend	-	11.91	11.91
Tax on Dividend	-	2.02	2.02

Note: No dividend on equity share capital were declared for the years ended March 31, 2005, March 31,2006 and March 31,2007.

Annexure H

I. Names of the related parties and their relationship

Relationship	Name
a. Shareholders having substantial interest	Sh. Nand Lal Goenka
b. Enterprises where significant influence exists	Mystique Jewels Goenka Diamonds Private Limited Goenka Jewellers Geet Holding Private Limited Yash Holding Private Limited Sonam Complex Private Limited Goenka Infra Projects Private Limited Goenka Infra Builders Private Limited Goenka Entertainments Private Limited Goenka Properties Private Limited Nand Lal Goenka (HUF)
c. Key Management Personnel & Relatives	Sh. Nandlal Goenka- Chairman Sh. Navneet Goenka - Vice Chairman & Joint Managing Director Sh. Nitin Goenka - Joint Managing Director Smt. Nirmala Goenka Smt. Namita Jain Smt. Nitu Saraf Smt. Bhawna Goenka

II. Transactions with Related Parties (Figures in Lakhs)

a. Shareholders having substantial interest

	For the Period Ended	For the Year Ended 31st March	
	on 31st Dec 2009	2009	2008
Sh. Nand Lal Goenka			
i. Remuneration	11.25	9.00	2.40
ii. Issue of Bonus Shares	459.90	-	481.80
iii. Unsecured Loan			
Opening	-	5.00	5.00
Received	-	15.00	-
Paid	-	20.00	-
Closing	-	-	5.00
iv. Payables in Current Account	6.71	3.75	2.86
v. Rent Paid	2.48	-	-
vi. Dividend	5.26	5.26	-

b. Enterprises where significant influence exists

	For the Period Ended on	For the Year Ended 31st March	
	31st Dec 2009	2009	2008
1. Mystique Jewels			
i. Sale	-	-	-
ii. Purchases	-	-	-
iii. Receivables	-	2.60	2.60
iv. Advances Given/ (Taken)			
Opening	13.60	5.50	-
Paid	13.60	8.10	5.50
Received	-	-	-
Closing	-	13.60	5.50

2. Goenka Diamonds Private Limited

Transaction with Related Party	NIL	NIL	NIL

3. Goenka Jewellers

i. Sale	-	-	-
ii. Purchases	-	52.30	0.67
iii. Receivables	-	-	-
iv. Advances Given/ (Taken)			
Opening	8.72	-	-
Paid	-	472.30	406.60
Received	8.72	463.58	406.60
Closing	-	8.72	-
v. Unsecured Loan			
Opening	-	-	-
Received	-	-	-
Paid	-	-	-
Closing	-	-	-
vii. Guarantees Given	692.97	692.97	692.97

4. Geet holding Private Limited

Transaction with Related Party	NIL	NIL	NIL

5. Yash holding Private Limited

Transaction with Related Party	NIL	NIL	NIL

6. Sonam Complex Private Limited

Transaction with Related Party	NIL	NIL	NIL

7. Goenka Infra Projects Private Limited

Transaction with Related Party	NIL	NIL	NIL

8. Goenka Infra Builders Private Limited

Transaction with Related Party	NIL	NIL	NIL

9. Goenka Properties Private Limited

Transaction with Related Party	NIL	NIL	NIL

10. Goenka Entertainments Private Limited			
Transaction with Related Party	NIL	NIL	NIL
Closing	-	-	-

11. Nand Lal Goenka(HUF)			
i. Dividend	1.82	1.82	-
ii. Issue of Bonus Shares	159.60	-	167.20

c. Key Management Personnel & Relatives

	For the Period Ended on	**For the Year Ended 31st March**	
	31st Dec 2009	**2009**	**2008**
1. Navneet Goenka			
i. Remuneration	9.00	6.00	2.40
ii. Issue of Bonus Shares	182.72	-	174.79
iii. Payables in Current Account	3.47	1.12	2.96
v. Rent Paid	2.25	-	-
v. Dividend	2.09	1.91	-
2. Nitin Goenka			
i. Remuneration	9.00	6.00	2.40
ii. Issue of Bonus Shares	191.22	-	183.70
iii. Payables in Current Account	3.54	1.77	3.13
v. Rent Paid	2.25	-	-
v. Dividend	2.19	2.00	-
3. Smt. Nirmala Goenka			
i. Remuneration	-	-	2.40
ii. Issue of Bonus Shares	48.30	-	50.60
iii. Unsecured Loan			
Opening	-	-	-
Received	-	-	-
Paid	-	-	-
Closing	-	-	-
iv. Payables in Current Account	-	-	4.05
v. Dividend	0.55	0.55	-
4. Smt. Namita Jain			
i. Unsecured Loan			
Opening	1.15	1.15	1.15
Received	-	-	-
Paid	1.15	-	-
Closing	-	1.15	1.15
ii. Dividend	0.00	0.18	-
iii. Issue of Bonus Shares	0.09	-	16.72
5. Smt. Nitu Saraf			
i. Dividend	0.00	0.18	-
ii. Issue of Bonus Shares	0.09	-	16.72
6. Smt. Bhawana Goenka			
i. Dividend	0.00	0.00	-
ii. Issue of Bonus Shares	0.11	-	0.11

Annexure I

Consolidated Details of Other Income (Figures in Lakhs)

Particulars	For the period ended	For the year ended 31st March	
	31st Dec 2009	2009	2008
Interest on Fixed Deposits with banks	9.89	6.97	1.03
Unclaimed balances written back	-	0.14	-
Premium on Forward Contract	-	29.49	5.25
Discount and Commission	0.08	0.40	-
Total (Gross other income)	**9.96**	**37.01**	**6.28**
Net Profit before tax as restated	**3,613.24**	**2,805.98**	**1,257.44**
Other Income as % of Net Profit	**0.28%**	**1.32%**	**0.50%**

Annexure J
Consolidated Summary of Accounting ratios

Particulars	For the period ended 31st Dec 2009	For the year ended 31st March 2009	2008
Nominal value of Shares (Rs.)	**10**	**10**	**10**
Number of shares Outstanding During the Year	22,329,000.00	11,908,800.00	11,908,800.00
Effective Number of Shares	22,329,000.00	22,329,000.00	22,329,000.00
Adjusted profit/(loss) After Tax in lakhs	3,357.60	2,674.56	1,242.08
Earnings per Share in Rs.			
Basic	**15.04**	**10.69**	**5.05**
Diluted	**15.04**	**10.69**	**5.05**
Net Asset Value per Share- (In Rs)	**45.74**	**31.25**	**19.30**
Return on Net Worth (%)	**32.87%**	**36.51%**	**28.83%**
Weighted Average number of Equity shares outstanding during the year considered for Basic EPS and Net Asset Value per Share	22,329,000.00	22,329,000.00	22,329,000.00
Weighted Average number of Equity shares outstanding during the year considered for Diluted EPS	22,329,000.00	22,329,000.00	22,329,000.00

$$\text{Earning per Share(Rs.)} = \frac{\text{Restated Profit after tax}}{\text{No.of equity shares}}$$

$$\text{Diluted Earning per Share} = \frac{\text{Restated Profit after tax}}{\text{Weighted Avg. No.of equity shares}}$$

$$\text{Return on Net Worth(\%)} = \frac{\text{Restated Profit after tax}}{\text{Net Worth}}$$

$$\text{Net Asset Value per share(Rs.)} = \frac{\text{Net Worth}}{\text{No.of equity shares}}$$

Notes:

1. The accounting ratios calculated for the period ended Dec.2009 pertains to nine month period and hence not comparable.
2. The Earning per share is calculated in accordance with AS-20 issued by ICAI

3. Net Worth = Equity Share Capital + Reserves & Surplus (Excluding revaluation reserve, if any) – Miscellaneous Expenditure + Preference Share Capital

4. Net Profit, as restated as appearing in the summary statement of profit and losses, of the company has been considered for the purpose of computing the above ratios

5. Company has split the face value of share from Rs. 100/- per share to Rs. 10/- per share on 21st March,2008 and issued bonus shares in the ratio of 8:7 on 6th Sep ,2009. All the above accounting ratios have been calculated accordingly.

Annexure K

(Figures in Lakhs)

Consolidated Statement of Secured Loans

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Term Loan	-	-	-
Working Capital Loans	5,707.78	5,165.51	2,159.97
Overdraft facility	-	-	-
Vehicle loan	-	-	-
Total	**5,707.78**	**5,165.51**	**2,159.97**

Details of Borrowing As on 31st Dec. 2009

Nature of Borrowing	Name of Institution				
	State Bank of India	Punjab and Sind bank	Punjab National bank	UCO Bank	Total
Export Credit					
Sanctioned Amount	1,300.00	1,560.00	1,440.00	700.00	5,000.00
Adhoc Limit	260.00	312.00	288.00	140.00	1,000.00
Total	**1,560.00**	**1,872.00**	**1,728.00**	**840.00**	**6,000.00**
Outstanding					
In INR	1,559.66	1,759.72	1,688.69	699.71	5,707.78
In Foreign Currency	-	-	-	-	-
Total	**1,559.66**	**1,759.72**	**1,688.69**	**699.71**	**5,707.78**
Rate of Interest					
INR Loan	As Per Export Credit Interest rate specified by RBI based on Nature of facility and tenure				
Foreign Currency Loan	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%	Libor + 3.5%
Repayment Terms	On Demand	On Demand	On Demand	On Demand	On Demand

Notes : Details of Security

Working Capital Facilities is secured by:

i) Hypothecation of Stock-in-trade and Book Debts on pari passu basis

ii) Further secured, on pari-passu basis: -

a. Equitable Mortgage of Land and Building at C-114 & C-115A, Shivaji Marg, Tilak Nagar, Jaipur in the name of one of the director and Flat No. 4, Mount Unique Bldg., 62-A, Peddar Road, Mumbai

b. Pledge of FDRs of Rs. 110 lacs

c. Personal Guarantees of all Directors of the Company.

Annexure L

Consolidated Statement of Unsecured Loans

(Figures in Lakhs)

Particulars	As at 31st Dec 2009	As at March 31, 2009	2008
Short Term Loan	-	-	-
Other than Short term	-	-	-
Inter Corporate Deposits	-	-	-
From Others	129.08	135.80	316.80
Loan from Associate Firm	-	-	-
Loan from Directors	-	-	5.00
Total	**129.08**	**135.80**	**321.80**

Annexure M

Consolidated Details of Current Liabilities and Provisions

(Figures in lakhs)

Particulars	As at 31st Dec 2009	As at March 31, 2009	2008
Current Liabilities			
Sundry Creditors	32,089.65	19,123.45	5,000.91
Advance from Customers	17.13	2.13	9.67
Due to Directors in Current Account	13.72	6.65	13.00
Due to Subsidiaries	-	-	-
Unpaid Dividends	-	-	-
Total Current Liabilities	**32,120.50**	**19,132.23**	**5,023.58**
Other Liabilities			
Bank Overdraft	32.26	0.46	13.25
Salary Expenses Outstanding	20.96	24.48	5.87
Statutory dues & Taxes	2.67	6.03	3.52
Unearned Premium-Forward Contract	-	61.25	-
Outstanding Forward Contract Provision	-	509.40	72.90
Sundry Creditors for Expenses	1.20	2.17	0.78
Other Misc. Provisions etc	36.49	7.53	5.14
Total Other Liabilities	**93.57**	**611.32**	**101.46**
Interest Accrued but not due	-	-	-
Bal. in Current Account with Joint Venture	-	-	-
Total Current & Other Liabilities	**32,214.07**	**19,743.55**	**5,125.03**
Provisions			
Proposed Dividend	-	11.91	11.91
Dividend Tax on proposed dividend	-	2.02	2.02
Provision for taxes	203.19	78.05	(1.11)
Fringe Benefit tax	-	4.33	-
Retirement Benefits	5.67	5.49	6.13
Total Provisions	**208.86**	**101.81**	**18.95**
Grand Total	**32,422.93**	**19,845.36**	**5,143.98**

Annexure N

(Figures in Lakhs)

Consolidated Statement of Sundry Debtors

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Sundry debtors			
Outstanding for a period exceeding six months			
-Considered good	10,846.28	3,964.15	28.19
-Considered doubtful			
Other Debts			
-Considered good	26,636.02	20,685.34	9,532.03
-Considered doubtful			
Less: Provision			
Total	**37,482.30**	**24,649.49**	**9,560.23**

Annexure O

(Figures in Lakhs)

Consolidated Details of Other Current Assets

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Cash on hand	28.93	8.20	0.93
Bank Balances			
In Current Account	211.21	624.69	164.57
In Fixed Deposits	132.56	130.51	19.51
GRAND TOTAL	**372.70**	**763.40**	**185.01**

Annexure P

Consolidated Details of Loans & Advances

(Figures in Lakhs)

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Advances recoverable in cash or in kind or for value to be received			
- considered good	151.70	143.39	177.71
- considered doubtful	-	-	-
Prepayments	39.71	16.35	6.61
Deposits & Retentions	68.25	72.02	12.16
Advance tax (Net of provisions)	-	-	26.91
Advance Fringe Benefit Tax (Net of provisions)	-	-	0.80
Total	**259.67**	**231.75**	**224.20**

Annexure Q

Consolidated Details of Investments (Figures in Lakhs)

Particulars	As at	As at March 31,	
	31st Dec 2009	2009	2008
Investment- Long Term			
Trade Investments-Quoted			
Promoter Group Companies	-	-	-
Others	-	-	-
Total-A	-	-	-
Trade Investments-Unquoted			
Equity Shares in Subsidiary-M B Diamonds LLC	-	-	-
Others	-	-	-
Total-B	-	-	-
Non-Trade Investments- Quoted			
Promoter Group Companies	-	-	-
Others	-	-	-
Total-C	-	-	-
Less: Provision for diminution in investments **(D)**	-	-	-
Net Investments **(A+B+C-D)**	-	-	-
Market value of Quoted Investments	-	-	-

Annexure R

Consolidated Capitalization Statement (Figures in Lakhs)

Capitalization Statement	As on 31st Dec 2009				
	Pre-Issue		Post-Issue		
	As per the latest Audited Statements	As on the Date of RHP			
Particulars					
Debt as at March 31, 2009					
Short Term Debt	5,707.78				
Long Term Debt	129.08				
Total Debt	**5,836.86**				
Shareholders' Fund					
Share Capital					
- Equity	2,232.90				
- Preference	-				
Reserves	8,094.19				
Difference in Translation reserve	7.56				
Less : Misc. Expenditure	(120.51)				
Total Shareholders' Fund	**10,214.14**				
Total Debt/ Shareholders' Funds (Ratio)	**0.57:1**				

Note:
* "The corresponding post issue figures are not determinable at this stage pending finalizations of issue price. The post issue capitalization shall be updated before filing the prospectus."
The capitalization statement has been calculated on the basis of restated financial statements.

Annexure S

Consolidated Segment Reporting

(Figures in Lakhs)

Particulars	As at December 31, 2009				As at March 31, 2009				As at March 31, 2008			
	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total	Diamond & Gems	Jewellery	Unallocable	Total
Primary Segment (by Product)												
Revenue												
Segment Revenue	29,931	11,110	-	**41,041**	34,293	10,090	-	**44,384**	16,320	3,736	-	**20,056**
Results												
Segment Results	2,025	2,038	-	**4,064**	872	1,477	-	**2,249**	1,491	242	-	**1,733**
Exchange Gain (Net)				(98)				744				(258)
Operating Profit				**3,966**				**3,093**				**1,475**
Interest Income				10				7				1
Unallocable Expenses				(9)				-				-
Interest Expenses				(354)				(300)				(216)
Net Profit before tax.				**3,613**				**2,800**				**1,260**
Segment Assets	38,142	9,893	439	48,474	27,699	3,559	867	32,125	11,063	645	227	11,935
Segment Liabilities	32,379	5,581	300	38,260	24,102	935	110	25,147	7,500	25	101	7,626
Net Capital Employed	5,764	4,312	138	10,214	3,597	2,624	757	6,978	3,563	619	127	4,309
Capital Expenditure	71	3	-	73	231	139	-	370	109	-	-	109
Depreciation & Amortization	50	28	-	79	42	15	-	56	34	-	-	34
Non Cash expenses other than Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-	-	-

Secondary Segment (by Geographical area)

Geographical Location	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total	Domestic	Rest of the world	Total
Revenue	12,941	28,100	**41,041**	13,838	30,546	**44,384**	3,888	16,167	**20,056**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You should also see **"***Risk Factors***"** *on page* x, *which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company and, unless otherwise stated, is based on our Restated Unconsolidated Financial Statements, which have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the ICDR Regulations. The following discussion is also based on internally prepared statistical information and other sources. Our Fiscal ends on March 31 of each year, so all references to a particular "Fiscal" are to the twelve-month period ended March 31 of that year.*

OVERVIEW

We are in the business of cutting and polishing of diamonds and manufacturing and retailing of diamond jewellery. We were initially in the business of export of coloured stones and have since then expanded into diamond trade in 1994 and manufacturing of diamond studded jewellery in 2003. Our manufacturing activity was boosted in 2006 by having establishing our own diamond processing unit at SEZ in Surat for processing of rough diamonds. In 2007, we also set up a facility for processing of rough diamonds in Mumbai to cater to the local market and for our jewellery making operations. We scaled up our diamond jewellery making operations by establishing a dedicated manufacturing facility in Mumbai and launched our first jewellery retail store in July 2008.

Our Company is promoted by Mr. Nand Lal Goenka who has over 40 years of experience in the gems and jewellery business and his two sons, Mr. Navneet Goenka and Mr. Nitin Goenka.

Consistent supply of rough diamonds of desired quality, at a competitive price is one of the critical success factors of our business. We source rough diamonds from a variety of suppliers in Hong Kong, USA, Russia and the local Indian market. We have acquired 95% stake in M. B. Diamonds, a LLC registered in Russia in March 2008 to enable us to import high quality and competitively priced rough and semi-processed diamonds from Russia. We supply the polished diamonds primarily to wholesalers, jewellery manufacturers, traders and retailers based out of Hong Kong, South East Asia, USA, India and other countries.

We retail our diamond jewellery under two brands viz. *CERES* and *G WILD* catering to specific segments. We retail high end diamond jewellery under the *CERES* brand targeting the top-end segment of the society while *G WILD* focuses on internationally designed diamond jewellery targeting the youth. Our product profile includes rings, earrings, pendants, bracelets, necklaces, etc. which are manufactured using polished diamonds, precious and other semi precious stones which are set in gold. Our in-house team along with some select freelance designers undertake the designing of jewellery for our brands. We currently have presence in retail through 3 company operated *G WILD* stores, 1 store under franchisee and 1 shop-in-shop for *G WILD*. We opened the first *CERES* store in Mumbai in April 2009.

We also sell primarily high-end diamond jewellery through our corporate office to exclusive clients, business associates and select retailers. We have been undertaking wholesale supply of jewellery since 2003.

We run an integrated business model that includes sourcing of rough diamonds from various sources including our Russian subsidiary, polishing roughs for export market and internal consumption, jewellery manufacturing and sale of jewellery through our retail chain branded jewellery retail resulting in strong presence across the value chain. Going forward, we plan to strengthen our model by expanding our Russian sourcing operations and increasing our retail network.

As of February 28, 2009 we have 172 full time employees. We have been certified as an ISO 9001:2000 company by ISOQAR Limited.

Based on our restated unconsolidated financial statements, for the period April-December 2009, Fiscal 2009, 2008 and 2007, we generated total income of Rs. 40,914.94 lakhs, Rs. 45,128.95 lakhs, Rs. 20,061.92 lakhs and Rs. 7,360.54 lakhs respectively, and net profit of Rs. 3,328.19, Rs. 2,740.12 lakhs, Rs. 1,240.23 lakhs and Rs. 269.31 lakhs respectively. Over the last three fiscal years 2007 to 2009, our total income and net profit increased at a CAGR of 147.61% and 218.98% respectively.

Currently, our business is divided into diamond processing business and jewellery business. Out of operating income of Rs. 40,904.98 lakhs and Rs. 44,377.47 lakhs for the nine month period ending on December 31, 2009 and Fiscal 2009 respectively, diamond processing business accounted for 72.84% and 77.26 % of total income respectively and jewellery business accounted for 27.16% and 22.74% respectively of total income.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- **Global economic growth and competition within the industry**

  Our Diamond Business operations are affected by changes in the global economy. Our Diamond Business revenues are primarily derived from export to major diamond markets. Historically, US has been the largest market but the current downturn has led to a fall in sales in US over the last two years. However, the South East Asian region has witnessed high demand as the countries in this region have a large domestic market. Our entry into these relatively untapped markets has helped our company in sustaining growth in our Diamond Business. With a slowdown in sales in most of the major markets, competition has increased leading to fall in prices of the polished diamonds. The increased competition has led to a fall in margins in our Diamond Business. Further, with both our suppliers and customers facing liquidity pressures, our working capital requirements also increased. Thus despite showing a growth in revenues in the Diamond Business, our margins were affected due to the aforementioned reasons.

- **Ability to expand our retail jewellery business and establish our brands**

  We launched our two jewellery brands viz. *CERES* and *G WILD* in Fiscal 2009. Diamond jewellery is primarily a luxury product and establishing brand equity is imperative for success in the business. We plan to undertake advertising and promotion activities for increasing our brands' awareness among potential customers. Our business is significantly dependent on the continued establishment and promotion of our jewellery brands. Promoting and positioning these brands largely depends on the success of our marketing and merchandising efforts and our ability to differentiate our products from competitors.

- **Sourcing of rough diamonds and other raw materials**

  In our business, rough diamonds and other raw material costs account for a major portion of the operating expenses. Raw material costs accounted for 99.94% of operating expenses for the nine month period ending December 31, 2009. Our management has been successful in sourcing consistent supply of rough diamonds of desired quality, at a competitive price. We source diamonds from countries like US, Hong Kong, Russia and also source from the Indian market. Any savings on raw materials would give a substantial boost to our operating profits. We also source rough and partly processed diamonds from Russia, one of the largest diamond producers globally. Despite higher processing costs in Russia, the raw-material costs are lower vis-a-vis other sources due to favourable government policies towards locally incorporated companies.

- **Size of diamonds processed**

  Our focus has been on processing of large size (high carat) diamonds which provides higher realization per carat. The price/carat increases for diamonds increase as size of the diamond increases. For example, as per Rapaport Diamond Report dated August 29, 2009, for round diamonds, the price for a

VVS1 cut D colour diamond increases from US$ 3,700/carat for diamonds in 0.30 – 0.39 carat range to US$ 6,300/carat for diamonds in the 0.50 – 0.69 carat range.

Most of the Indian companies focus on processing smaller sized diamonds with the larger stones being processed in countries like Belgium and Israel. Over the years, we have built the required expertise in this area and are thus able to differentiate ourselves from most of our competitors.

- **Foreign currency fluctuations**

A substantial portion of our Company's expenditures were incurred and earnings were received in foreign currency. In Fiscal 2009, 67.45% of our revenues and 63.18% of our expenditure were in foreign currency while for the nine months period ended December 31, 2009, 68.36% of our revenues and 68.86% of our purchases were in foreign currency. The exchange rate between Rupee and US Dollar has been volatile substantially in recent times. During Fiscal 2008 the value of Rupee rose by approximately 8.15% while it fell by 30.76% in Fiscal 2009. (Source: *www.oanda.com*)

We may gain or incur a loss due to foreign exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, For the Fiscal 2009, 2008 and 2007, our income/(loss) arising out of exchange difference was Rs. 714.48 lakhs, Rs. (205.73) lakhs and Rs. (116.07 lakhs) respectively. Going forward, we expect that a substantial portion of our revenue and expenditure will continue to be denominated in US Dollar.

- **Tax benefits**

Our Company commenced manufacturing at our facility in SEZ at Surat, in the Fiscal 2007. The entire profits of Diamond Business of the respective period of the Surat facility is deducted in arriving at taxable profits for the year ended March 31, 2007, March 31 2008 and March 31, 2009 and for the 9 month period ending December 31, 2009. Section 10AA(7) of The Income Tax Act, 1961 provides for proportionate deduction of such profits in proportion to the export income to total income of the business carried on by our Company. Going forward, our profit from Diamond Business will continue to enjoy tax benefits as follows:

Tax benefit in Surat SEZ	***Years of operation***	***Period***
100% Tax Exemption	From 2006-07 to 2010-11	5 Year
50% Tax Exemption	From 2011-12 to 2015-16	5 Year
50% Tax Exemption on Capital Re- invested in SEZ	From 2016-17 to 2020-21	5 Year

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are important to both the portrayal of our financial condition and results of operations and that also require management's most subjective judgments. In order to provide an understanding about how our management forms its judgment about the most appropriate accounting policy to be followed for complex transactions and future events, we identify the following critical accounting policies:

Basis for Preparation of Summary Restated Unconsolidated Financial Statements: The financial statements have been prepared in compliance with the mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and generally accepted Accounting principles applicable in India (GAAP). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires changes in the accounting policy hitherto in use.

The financial statements have been prepared under historical cost convention on an accrual basis.

Accounting Estimates: The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

Fixed Assets: Fixed Assets are stated at cost less accumulated depreciation and impairment losses. Cost includes capital cost, freight, duties, taxes and other incidental expense incurred during the construction / installation stage attributable to bringing the asset to working condition for its intended use.

Expenditure on software is recognized as 'Intangible Assets' to be amortized over three years.

Depreciation and Amortization: Depreciation on Fixed Assets is being provided on written down value method at the rate and in the manner specified in Schedule XIV of the Companies Act, 1956.
Leasehold lands are amortized over the initial period of lease.
The expenditure incurred on improvement on leased premises is written off evenly over the initial period of lease.

Impairment of Fixed Assets: An asset is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount.

Inventories: Inventories are valued at lower of cost and estimated net realisable value. Cost is determined on 'First-in First-out', 'Specific Identification', or "Weighted Averages' basis as applicable. Cost of Inventories Comprises of all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Determination of estimated net realizable value and specific identification involve technical judgments of the management, which has been relied upon by the Auditors to the Company.

*Investments***:** Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are carried at cost.

Revenue Recognition: Revenue from sales of goods is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and is stated net of returns, trade discounts, claims etc.

Dividend on Investment: Revenue is recognised when the right to receive payment is established.

Foreign Currency Transactions: Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year-end are translated at closing rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction and investment in foreign companies are recorded at the exchange rates prevailing on the date of making the investments. Contingent Liabilities are translated at closing rate.

Exchange differences arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of contract. Exchange differences on such contract are recognized in the profit and loss account in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense.

Retirement Benefits: Short term and other long term employee benefits are recognized as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered.

The Company's Liability towards gratuity is determined on the basis of year end actuarial valuations applying Projected Unit Credit Method done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Profit and Loss Account as income or expense.

Taxation: Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

RESULT OF OPERATIONS

The following table sets forth select financial data from our unconsolidated restated profit and loss accounts for the nine month period ended December 31, 2009 and Fiscal 2009, 2008, 2007 and 2006, the components of which are also expressed as a percentage of total income for such periods.

Particulars	Nine months period ending December 31, 2009		For the year ending March 31, 2009		2008		2007		2006	
	(Rs. in lakhs)	% of total income	(Rs. in lakhs)	% of total income	(Rs. in lakhs)	% of total income	(Rs. in lakhs)	% of total income	(Rs. in lakhs)	% of total income
Income										
Operating Income(Sales)	40,904.98	99.98	44,377.47	98.33	20,055.64	99.97	7,359.46	99.99	3,813.34	98.78
Exchange Difference (Net)	-		714.48	1.58	-	-	-	-	46.47	1.20
Other Income	9.96	0.02	37.01	0.08	6.28	0.03	1.08	0.01	0.54	0.01
Total Income	**40,914.94**	**100.00**	**45,128.95**	**100.00**	**20,061.92**	**100.00**	**7,360.54**	**100.00**	**3,860.35**	**100.00**
Expenditure								-		-
Operating Expenses	36,223.79	88.53	41,391.79	91.72	18,107.15	90.26	6,701.94	91.05	3,608.71	93.48
Administration & Other Expenses	338.08	0.83	226.59	0.50	151.34	0.75	59.48	0.81	57.63	1.49
Employee Remuneration & benefits	169.90	0.42	182.17	0.40	90.53	0.45	27.72	0.38	24.35	0.63
Finance Charges	423.32	1.03	406.73	0.90	215.91	1.08	134.65	1.83	61.53	1.59
Exchange Difference (Net)	97.78	0.24	-	-	205.73	1.03	116.07	1.58	-	-
Depreciation & Amortization	78.65	0.19	56.37	0.12	33.68	0.17	29.34	0.40	28.53	0.74
Total Expenditure	**37,331.53**	**91.24**	**42,263.66**	**93.65**	**18,804.33**	**93.73**	**7,069.19**	**96.04**	**3,780.75**	**97.94**
Profit before taxation	3,583.42	8.76	2,865.30	6.35	1,257.58	6.27	291.35	3.96	79.60	2.06

Less: Provision for taxation	-		-	-	-	-	-	-	-	-
-Current	256.15	0.63	123.89	0.27	13.97	0.07	13.30	0.18	29.71	0.77
-Deferred	1.09	0.00	(3.25)	(0.01)	(0.70)	(0.00)	5.11	0.07	(0.31)	(0.01)
-Fringe benefit tax	(2.01)	(0.00)	6.85	0.02	2.90	0.01	2.15	0.03	3.09	0.08
Profit After Taxation as per audited statement of accounts	**3,328.19**	**8.13**	**2,737.81**	**6.07**	**1,241.42**	**6.19**	**270.78**	**3.68**	**47.11**	**1.22**
Adjustments on account of changes in accounting policies	-	-	6.25	0.01	(3.97)	(0.02)	(1.82)	(0.02)	(0.46)	(0.01)
Adjustments on account of taxes	-	-	(3.94)	(0.01)	(1.93)	0.01	1.20	0.02	0.40	0.01
Impact on account of material adjustments and prior period items	-	-	-	-	1.29	0.01	(1.29)	(0.02)	(0.88)	(0.02)
Total adjustments	-	-	**2.31**	**0.01**	**(0.75)**	**(0.00)**	**(1.91)**	**(0.03)**	**(0.94)**	**(0.02)**
Tax impact on adjustments	-	-	-	-	0.43	0.00	(0.43)	(0.01)	-	-
Total adjustments net of tax impact	-	-	2.31	0.01	(1.19)	(0.01)	(1.47)	(0.02)	(0.94)	(0.02)
Adjusted profit/(loss)	**3,328.19**	**8.13**	**2,740.12**	**6.07**	**1,240.23**	**6.18**	**269.31**	**3.66**	**46.18**	**1.20**

Revenue

Our total income compromises of (i) Operating income from sales in Diamond and Jewellery Business segments (ii) exchange differences and (iii) other income.

Operating Income (Sales)

We derive our operating income from sales of cut and polished diamond and diamond jewellery manufactured by our Company. We entered diamond jewellery business by launching two brands viz. *CERES* and *G WILD* in Fiscal 2009. In Fiscal 2009, we derived Rs. 44,377.47 lakhs or 98.33% of our total revenue from sales diamond and jewellery. Out of this, we earned Rs. 34,287.02 lakhs or 77.26% of our operating income from Diamond Processing business and Rs. 10,090.44 lakhs or 22.74% of our operating income from Jewellery Business. Our operating income increased at a CAGR of 145.56% over the last three Fiscals. For the nine month period ending December 31, 2009, operating income accounted for 99.98% of our total income, of which 72.93% of our operating income comes from our Diamond Processing business and 27.07% of our operating income comes from the Jewelling business.

Exchange differences

Exchange Difference (Net) arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income in the year in which they arise.

Other Income

We derive other income from interest on bank deposits and miscellaneous receipts which primarily include premium earned on forward currency contracts. Our other income increased at a CAGR of 308.35% over the last three Fiscals. For the nine month period ending December 31, 2009, the other income stood at Rs. 9.96 lakhs.

Expenditure

Our Company's expenditure comprises of (i) Operating expenses (ii) Administration & other expenses (iii) Employee remuneration & benefits (iv)Exchange difference (v) Finance Charges and (vi) Depreciation and amortization. *Operating Expenses* primarily include in-house consumption of rough diamonds, purchase of diamonds, purchase of gold, gems and other materials, factory water & electricity, factory rent, import expenses, factory building repair & maintenance and other factory expenses.

Administration & Other Expenses includes electricity, sales commission, traveling expenses, marketing and business promotion expenses, rent, security charges and discounts.

Employee Remuneration & Benefits includes (i) salaries, wages and performance bonuses payment to our employees (ii) contribution made to provident fund and gratuity and (iii) expenses relating to staff welfare.

Exchange Difference (Net) arising on the settlement of monetary items or on restatement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as expenses in the year in which they arise.

Finance Charges include bank charges, commissions, interest on bank borrowings which include interest payable on working capital loan and overdraft. See the section titled "Financial Indebtedness" on page 139 for a summary of our outstanding indebtedness.

Depreciation includes depreciation on leasehold land, building, plant and machinery, electric installations, furniture and fixtures, office equipments, vehicle and computer.

Taxation includes both current taxes, comprising of income tax, and fringe benefit tax and deferred taxes. Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The deferred tax assets are recognised if there is a reasonable certainty that the assets will be realized in future.

Adjustments

The unconsolidated audited financial statements for the period ending December 31, 2009 and Fiscal 2009, 2008, 2007 and 2006 have been restated in compliance with ICDR Regulations. The effects of restatement are shown as (i) Adjustments on account of changes in accounting policies (ii) Adjustments on account of taxes and (iii) Impact on account of material adjustments and prior period items rather than as restatement of individual line items in our profit and loss account.
The adjustments to our financial statements are described below:

(Rs.in lakhs)

Particulars	Nine months period ending December 31, 2009	For the year ending March 31,				
		2009	2008	2007	2006	2005
Profit after tax as per audited financial statements	3,328.19	2,737.81	1,241.42	270.78	47.11	29.94
Increase/Decrease in accumulated profits as a result of adjustments for:	-	-	-	-	-	-
-Depreciation	-	4.10	(1.82)	(1.82)	(0.46)	-
-Gratuity	-	2.15	(2.15)	-	-	-
-Reversal of provision for maintenance expenses	-	-	-	-	-	-
-Additional Tax Provision	-	-	-	-	-	-
-Deferred tax expense	-	(2.82)	0.82	1.20	0.40	0.40

-Prior period expense	-	(1.11)	2.40	(1.29)	(0.88)	3.81
-Tax effect on adjustments	-	-	(0.43)	0.43	-	-
Adjusted/Restated profit	**3,328.19**	**2,740.12**	**1,240.23**	**269.31**	**46.18**	**34.15**

Adjustments having impact on Profit

Depreciation and Amortization: During the year ended March 31, 2009 consideration paid for leasehold land at SEZ at Sachin, Surat has been amortised over the initial lease period of 15 years beginning from December 2006. The same have been recognized as expense in the respective years.

Provision for Employee Benefits: During the year ended March 31, 2009 the Company has accounted for its Gratuity liability based on actuarial valuation determined by independent actuary on Projected Unit Credit method. Consequent to adoption of this policy the provision for gratuity for the year ended March 31, 2008 has been adjusted on the basis of actuarial valuation. However necessary adjustments and disclosure for the other prior periods have not been made due to non availability of relevant data for those periods.

Prior Period Adjustments: The prior period items/ income tax/ wealth tax relating to earlier years in the profit and loss account have been reallocated to respective years.

Deferred Tax adjustments: Deferred tax adjustments consequent to the above adjustments have been adjusted in respective years. Deferred Tax assets / liability relating to prior periods have been adjusted in the respective years.

Adjustments having no impact on Profit

Sub division and Bonus issue of shares: The Equity Shares of face value of Rs. 100 each were subdivided into 10 equity shares of Rs. 10 each pursuant to the shareholders resolution dated March 21, 2008. As a result 992,400 equity shares of Rs.10 each were issued in place of 99,240 equity shares of face value of Rs. 100 each. Further the Company issued Bonus shares in the ratio of 11 shares for each equity share of Rs. 10 each on March 29, 2008. As a result 10,916,400 equity shares were issued by capitalization of reserves. Further the Company issued Bonus shares in the ratio of 8 shares for 7 equity share of Rs. 10 on September 6, 2009. As a result 10,420,200 equity shares were issued by capitalization of reserves. Accordingly accounting ratios have been computed on the basis of number of equity shares post split and post bonus issue.

Sales of traded goods: The Company manufactures cut and polished diamonds and also purchases finished cut and polished diamonds which are pooled under various lots on the basis of shapes, size and quality. These finished cut and polished diamonds are subsequently sold either in the form of Jewellery or loose diamond sales. As the goods are remixed to create new lots for better realization it is difficult to find out exact proportion of manufactured and traded goods sales. Accordingly the breakup of sales into traded goods and manufactured goods as required under ICDR Regulations are not furnished.

Material Regroupings: Interest earned on Fixed Deposits has been regrouped to Other Income in the respective years. The same is deducted in Interest cost in the audited accounts of the respective year.

No adjustments in the restated accounts have been made for the following remarks made by the auditors in the respective audit reports as these qualifications does not have any financial impact over the profitability of the Company:

a) Regarding balances confirmations of Sundry Debtors, Sundry Creditors and Loans and Advance in the year ending March 31, 2008; March 31, 2007; March 31, 2006 and March 31, 2005.

b) Regarding maintenance of excessive cash balances during the year for the years ending March 31, 2007; March 31, 2006 and March 31, 2005.

c) For the year ended March 31, 2007, March 31, 2008 and March 31, 2009 the auditors have qualified their audit report of respective years regarding provision for Income tax in respect of SEZ unit. The entire profits of SEZ Surat unit for the assessment years 2007-08, 2008-09 and 2009-10 has been considered exempt and provision for income tax was made accordingly. Erstwhile, section 10AA (7) of Income Tax Act, 1961 requires deduction on profit of SEZ unit in proportion to total turnover of the assessee for the said assessment years.The Finance Bill 2010 has recently propose to amend Section 10AA (7) of the Income Tax Act to allow deduction of profits in proportion to the export turnover of the undertaking with retrospective effect from Assessment year 2006-2007. Taking into consideration the proposed relaxation of the Finance Bill 2010, no additional provision for tax have been made in the restated accounts which otherwise would have been Rs. 39.58 lacs, Rs. 114.33 lacs and Rs. 287.29 lacs for Asst. Yr. 2007-08, 2008-09 and 2009-10 respectively.

d) Earlier adjustment made by auditor is now reversed so the same is now given under heading adjustment not made.

Nine month period ending December 31, 2009

Our results for the nine month period ending December 31, 2009 were particularly affected by the following factors

- Launch of our first *CERES* store in April 2009
- Recovery in diamond prices due to upturn in the global economy
- Strong jewellery sales in the marriage and festival season from October to December

Total Income

Our operating income for the nine month period was 40,904.98 lakhs which was equivalent to 99.98% of our total income which stood at Rs. 40,914.94 lakhs. We earned Rs. 9.96 lakhs of other income which primarily comprised of interest on fixed deposits with banks. Our operating income comprised of 72.93% coming from our Diamond Processing business and 27.07% of coming from our Jewelling business. We launched the first *CERES* store in April 2009 in Bandra, Mumbai. We further benefitted from increase in the diamond prices globally and strong sales experienced during the October to December period due to marriage and festival season.

Total Expenditure

The total expenditure for the nine month period stood at Rs. 37331.53 lakhs which was equivalent to 91.24% of our total income.

Operating Expenses

The operating expenses stood at Rs. 36,223.79 lakhs. This primarily comprised of raw material costs incurred due to purchase of rough diamonds.

Administrative & other expenses

The administrative & other expenses stood at Rs. 338.08 lakhs and were impacted by the opening of our *CERES* store which led to an increase in rental expenses.

Employee remuneration and benefits

Our employee costs for the nine month period ending December 31, 2009 stood at Rs. 169.09 lakhs. These were impacted by our addition of employees to our Jewellery business and also as we recruited additional employees to grow our Diamond processing business

Finance charges

Our finance charges stood at Rs. 423.32 lakhs and were affected by the increase in the secured loans taken by our Company.

Exchange difference (Net)

Our expense from exchange difference was Rs. 97.78 lakhs for the nine month period ending December 31, 2009. This was principally due to the foreign exchange losses.

Depreciation & amortization

The depreciation costs stood at Rs. 78.65 lakhs.

Taxation

Our provision for taxation stood at Rs. 255.23 lakhs for the period ending December 31, 2009 from Rs. 127.49 lakhs for the Fiscal 2009. The effective tax period ending on December 31, 2009 rate is 7.12%. The taxation was impacted by increase in our profitable jewellery business.

Adjusted profit

Our restated profits for the nine month period ending December 31, 2009 stood at Rs. 3,328.19 lakhs and our profit margin stood at 8.13%. The margin was influenced by growing contribution from our Jewellery business and recovery of profitability in our Diamond processing business.

Fiscal 2009 compared to Fiscal 2008

Our results of operations for the Fiscal 2009 were particularly affected by the following factors

- Launch of branded jewellery and opening of retail outlets
- The current slowdown in global economies
- Increase in diamond export sales by tapping new markets of far east Asian countries

Operating Income (Sales)

Our operating income increased by 124.95% to Rs. 44,377.47 lakhs for the Fiscal 2009 from Rs. 20,055.64 lakhs for the Fiscal 2008 due to higher income from diamond business and branded jewellery business. Our income from diamond segment increased by 110.10% to Rs. 34,287.02 lakhs for the Fiscal 2009 from Rs. 16,319.68 lakhs for the Fiscal 2008 primarily due to higher sales volume as well as higher realization per carat. In 2009, we entered the South East Asian market for our diamond business and it emerged as the highest contributor to our export sales. In addition, we also entered the Jamaican market. We received positive response from these markets for our export sales as against marginal growth or decline in other markets like Hong Kong and USA. Our income from Jewellery Business segment increased by 170.09% to Rs. 10,090.45 lakhs for the Fiscal 2009 from Rs. 3,735.96 lakhs for the Fiscal 2008 primarily due to launch of branded retail jewellery manufactured by our Company. We launched two diamond jewellery brands viz. *CERES* and *G WILD* in Fiscal 2009 and opened five *G WILD* retail outlets including 3 company operated stores, 1 store under franchisee and 1 shop-in-shop.

Exchange difference (Net)

Our income from exchange difference was Rs. 714.48 lakhs for the Fiscal 2009. This was principally due to the foreign exchange gain. As the rupee depreciated significantly in Fiscal 09, we gained on account of restatement of foreign currency monetary assets outstanding as on March 31, 2009. We did not earn any income from exchange difference for the Fiscal 2008, but incurred an expense to the extent of Rs. 205.73 lakhs

Other Income

Our other income increased by 489.27% to Rs. 37.01 lakhs for the Fiscal 2009 from Rs. 6.28 lakhs for the Fiscal 2008. This was primarily due to increase in miscellaneous receipts on account of premium earned on forward currency contracts entered by the Company and interest on fixed deposits.

Expenditure

Our total expenditure increased by 124.75% to Rs. 42,263.66 lakhs for the Fiscal 2009 from Rs. 18,804.33 lakhs for the Fiscal 2008, primarily as a result of increase in raw material costs, employee costs, increase in rentals, business promotion expenses and interest costs. The increase in expenditure is in line with the increase in revenue numbers.

Operating Expenses

Our operating expenses increased by 128.59% to Rs. 41,391.79 lakhs for the Fiscal 2009 from Rs. 18,107.15 lakhs for the Fiscal 2008, due to increase in cost of raw material primarily due to higher sales volumes. During the same period, operating expenses as a percentage of total income increased to 91.72% from 90.26%.

Administration & Other Expense

Our administration expenses increased by 49.72% to Rs. 226.59 lakhs for the Fiscal 2009 from Rs. 151.34 lakhs for the Fiscal 2008, primarily due to increase in rent, business promotion expenses and advertisement expenses. Our rent increased as a result of new lease rentals for the *G WILD* retail stores launched in fiscal 2009. We also started extensive marketing and promotion activities for increasing awareness of our brands, *CERES* and *G WILD*.

Employee Remuneration & Benefits

Our employee costs increased by 101.24% to Rs. 182.17 lakhs for the Fiscal 2009 from Rs. 90.53 lakhs for the Fiscal 2008, as we recruited new employees for our retail jewellery business and consequent salaries, and wages paid to our employees and labours as part of our growth and expansion. Our number of employees increased to 103 at the end of Fiscal 2009 from 28 at the end of Fiscal 2008.

Finance Charges

Our finance charges increased by 88.38% to Rs. 406.73 lakhs for the Fiscal 2009 from Rs. 215.91 lakhs for the Fiscal 2008. This was due to increase in our working capital limit from the SBI led consortium and its utilization thereof.

Depreciation & Amortization

Our depreciation expenses increased by 67.38% to Rs. 56.37 lakhs for the Fiscal 2009 from Rs. 33.68 lakhs for the Fiscal 2008. This was mainly due to addition of the new manufacturing facility at Surat and additional amortization on account of the three retail showrooms taken on lease in the Fiscal 2009.

Taxation

Our provision for taxation increased by 688.53% to Rs. 127.49 lakhs for the Fiscal 2009 from Rs. 16.17 lakhs for the Fiscal 2008. The effective tax rate for Fiscal 2009 is 4.45% as compared to 1.29% for Fiscal 2008. Our retail jewellery business is operated out of Mumbai and does not benefit from the tax exemptions available to the facility located at the SEZ in Surat. As the contribution of our jewellery business increased compared to the last Fiscal, our tax liability also increased accordingly.

Adjusted profit

Our restated profit increased by 120.94% to Rs. 2,740.12 lakhs for the Fiscal 2009 from Rs. 1,240.23 lakhs for the Fiscal 2008. During the same period, our restated profit as a percentage of total income reduced to 6.07% from 6.18%. There was a slight fall in profitability due to lower margins in our Diamond Business and also due to adjustment**s** made on account of taxes. Our margins were supported by increasing retail sales of jewellery which have a higher operating margin vis-à-vis the Diamond Business.

Fiscal 2008 compared to Fiscal 2007

Our results of operations for the Fiscal 2008 were particularly affected by the following factors

- Launch of Jewellery Business
- Increase in income from export sales in Diamond Business

Operating Income (Sales)

Our operating income increased by 172.56% to Rs. 20,061.92 lakhs for the Fiscal 2008 from Rs. 7,360.54 lakhs for the Fiscal 2007 due to higher income from Diamond Business and launch of Jewellery Business. Our income from Diamond segment increased by 121.75% to Rs. 16,319.68 lakhs for the Fiscal 2008 from Rs. 7,359.46 lakhs for the Fiscal 2007 primarily due to higher sales volume in existing markets and as our Company tapped other markets for new opportunities. We started Jewellery Business in a full-fledged manner for sale of jewellery manufactured by our Company. Our income in the first year of operations of Jewellery Business was Rs. 3,735.96 lakhs.

Exchange difference (Net)

We did not earn any income from exchange difference for the Fiscal 2007 and 2008. Our expenses due to exchange difference increased by 77.25% to Rs. 205.73 lakhs for the Fiscal 2008 from Rs. 116.07 lakhs for the Fiscal 2007. This was principally due to the foreign exchange loss. As the rupee depreciated significantly over the year, we incurred loss on the foreign currency payments received from export sales.

Other Income

Our other income increased by 481.10% to Rs. 6.28 lakhs for the Fiscal 2008 from Rs. 1.08 lakhs for the Fiscal 2007. This was primarily due to increase in miscellaneous receipts and interest on fixed deposits.

Expenditure

Our total expenditure increased by 166.00% to Rs. 18,804.33 lakhs for the Fiscal 2008 from Rs. 7069.19 lakhs for the Fiscal 2007, primarily as a result of increase in raw material costs, employee costs and business promotion expenses.

Operating Expenses

Our operating expenses increased by 170.18% to Rs. 18,107.15 lakhs for the Fiscal 2008 from Rs. 6,701.94 lakhs for the Fiscal 2007, primarily due to increase in cost of raw material. During the same period, operating expenses as a percentage of total income reduced to 90.26% from 91.05%.

Administration & Other Expense

Our administration expenses increased by 154.44% to Rs. 151.34 lakhs for the Fiscal 2008 from Rs. 59.48 lakhs for the Fiscal 2007, primarily due to increase in staff salary and welfare expenses and increase in professional fees paid to third parties.

Employee Remuneration & Benefits

Our employee cost increased by 226.62% to Rs. 90.53 lakhs for the Fiscal 2008 from Rs. 27.72 lakhs for the Fiscal 2007, primarily as a result of increase in the number of employees to 28 from 12 and consequent salaries, and wages paid to our employees and labours as part of our growth and expansion. Employees were recruited particularly for the operations started at Mumbai manufacturing facility and increase in production at Surat facility.

Finance Charges

Our finance charges increased by 60.35% to Rs. 215.91 lakhs for the Fiscal 2008 from Rs. 134.65 lakhs for the Fiscal 2007 due to increase in outstanding borrowings.

Depreciation & Amortization

Our depreciation expenses increased by 14.76% to Rs. 33.68 lakhs for the Fiscal 2008 from Rs. 29.34 lakhs for the Fiscal 2007.

Taxation

Our provision for taxation decreased by 21.35% to Rs. 16.17 lakhs for the Fiscal 2008 from Rs. 20.56 lakhs for the Fiscal 2007. The effective tax rate for Fiscal 2008 is 1.29% as compared to 7.06% for Fiscal 2007.

Adjusted profit

Our restated profit increased by 360.51% to Rs. 1,240.23 lakhs for the Fiscal 2008 from Rs. 269.31 lakhs for the Fiscal 2007. During the same period, our restated profit as a percentage of total income increased to 6.18% from 3.66%.

Fiscal 2007 compared to Fiscal 2006

Our results of operations for the Fiscal 2007 were particularly affected by the following factors:

- Increase in income from export sales in Diamond Business
- Commenced operations at the SEZ at Surat

Operating Income (Sales)

Our operating income increased by 92.99% to Rs. 7,359.46 lakhs for the Fiscal 2007 from Rs. 3,813.34 lakhs for the Fiscal 2006. In Fiscal 2007, we derived our income from Diamond Business by carrying out trading, cutting and polishing of diamonds. With the establishment of our manufacturing facility at Surat, we were able to undertake polishing and processing of rough diamonds, leading to higher sales.

Exchange difference (Net)

We did not earn any income from exchange difference for the Fiscal 2007 but incurred an expense of Rs. 116.07 lakhs for the Fiscal 2007 with regard to exchange difference. This was principally due to the foreign exchange loss. As the rupee depreciated significantly over the year, we incurred loss on the foreign currency payments received from export sales. Our income from exchange difference was Rs. 46.47 lakhs for the Fiscal 2006.

Other Income

Our other income increased by 100.00% to Rs. 1.08 lakhs for the Fiscal 2007 from Rs. 0.54 lakhs for the Fiscal 2006. This was primarily due to increase in miscellaneous receipts.

Expenditure

Our total expenditure increased by 86.98% to Rs. 7,069.19 lakhs for the Fiscal 2007 from Rs. 3780.75 lakhs for the Fiscal 2006, primarily as a result of increase in raw material costs and interest cost.

Operating Expenses

Our operating expenses increased by 85.72% to Rs. 6,701.94 lakhs for the Fiscal 2007 from Rs. 3,608.71 lakhs for the Fiscal 2006, primarily due to increase in cost of raw material. During the same period, operating expenses as a percentage of total income reduced to 91.05% from 93.48%.

Administration & Other Expense

Our administration expenses increased by 3.21% to Rs. 59.48 lakhs for the Fiscal 2007 from Rs. 57.63 lakhs for the Fiscal 2006.

Employee Remuneration & Benefits

Our employee cost increased by 13.84% to Rs. 27.72 lakhs for the Fiscal 2007 from Rs. 24.35 lakhs for the Fiscal 2006.

Finance Charges

Our finance charges increased by 118.83% to Rs. 134.65 lakhs for the Fiscal 2007 from Rs. 61.53 lakhs for the Fiscal 2006 due to increase in outstanding borrowings.

Depreciation & Amortization

Our depreciation expenses increased by 2.85% to Rs. 29.34 lakhs for the Fiscal 2007 from Rs. 28.53 lakhs for the Fiscal 2006.

Taxation

Our provision for taxation decreased by 36.71% to Rs. 20.56 lakhs for the Fiscal 2007 from Rs. 32.49 lakhs for the Fiscal 2006. The effective tax rate for Fiscal 2007 is 7.06% as compared to 40.81% for Fiscal 2006.

Adjusted profit

Our restated profit increased by 483.24% to Rs. 269.31 lakhs for the Fiscal 2007 from Rs. 46.18 lakhs for the Fiscal 2006. During the same period, our restated profit as a percentage of total income increased to 3.66% from 1.20%. The increase in profitability was due to the manufacturing operations set up by our Company which provides better margins than the trading business.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

We broadly define liquidity as our ability to generate sufficient funds mainly from internal sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have been historically financing our capital requirements primarily through funds generated from our operations, financing from banks in the form of working capital loans. Our primary capital requirements have been towards working capital requirements and capital expansion. We believe that we will have sufficient resources from our operations and Net Proceeds of this offering of equity shares to meet our capital requirements for at least the next 12 months.

Cash Flow Statement

The table below sets forth cash flow statement of our Company for Fiscals 2009, 2008, 2007 and 2006 and the nine month period ending December 31, 2009:

(Rs. In lakhs)

Particulars	**Period ending Dec 31, 2009**	**For the year ending March 31,**			
		2009	**2008**	**2007**	**2006**
Net Cash Flow from /(used in) Operating Activities	(388.53)	(1,414.46)	(104.92)	(552.55)	301.26
Net Cash from / (used in) Investing Activities	(63.46)	(362.87)	(109.67)	(45.03)	(32.75)
Net Cash from / (used in) Financing Activities	61.40	2,355.65	268.35	614.78	(188.76)
Net increase / (Decrease) in Cash and Cash Equivalents	(390.58)	578.32	53.76	17.20	79.75

The cash and cash equivalents decreased by Rs. 390.58 lakhs for the nine month period ending December 31, 2009. Cash and cash equivalents increased by Rs. 578.32 lakhs in March 31, 2009 as against an increase of Rs. 53.76 lakhs as of March 31, 2008. Cash and cash equivalents include bank deposit, current account balances and cash on hand.

Operating Activities

Net cash used in operating activities was Rs. 388.53 lakhs for the nine month period ending December 31, 2009, and consisted of net profit after taxation and extraordinary items of Rs. 3,328.19 lakhs, as adjusted for a number of non-cash items, primarily depreciation of Rs. 78.65 lakhs, unrealized foreign exchange difference of a negative Rs. 591.80 lakhs, and other items, primarily interest and financial charges of Rs. 413.43 lakhs. Working capital adjustments included increase in trade and other receivable of Rs. 14,029.07 lakhs, due to increase in inventories of Rs. 3919.98 lakhs and increase in trade payables of Rs. 13,027.70 lakhs.

Net cash used in operating activities was Rs. 1,414.46 lakhs for the Fiscal 2009, and consisted of net profit after taxation and extraordinary items of Rs. 2,740.12 lakhs, as adjusted for a number of non-cash items, primarily depreciation of Rs. 52.26 lakhs, unrealized foreign exchange difference of Rs. 184.43 lakhs, and other items, primarily interest and financial charges of Rs. 399.76 lakhs. Working capital adjustments included increase in trade and other receivable of Rs. 13,559.01 lakhs, due to increase in inventories of Rs. 4,284.04 lakhs and increase in trade payables of Rs. 12,969.56 lakhs.

Net cash used in operating activities was Rs. 104.92 lakhs for the Fiscal 2008, and consisted of net profit after taxation and extraordinary items of Rs. 1,240.23 lakhs, as adjusted for a number of non-cash items, primarily depreciation of Rs. 35.50 lakhs, unrealized foreign exchange difference of Rs. 30.31 lakhs, and other items, primarily interest and financial charges of Rs. 214.87 lakhs. Working capital adjustments included increase in trade and other receivable of Rs. 3,859.34 lakhs, due to increase in inventories of Rs.28.47 lakhs and increase in trade payables of Rs. 2,273.63 lakhs.

Net cash used in operating activities was Rs. 552.55 lakhs for the Fiscal 2007, and consisted of net profit after taxation and extraordinary items of Rs. 269.31 lakhs, as adjusted for a number of non-cash items, primarily depreciation of Rs. 31.17 lakhs, unrealized foreign exchange difference of Rs. 115.69 lakhs, and other items, primarily interest and financial charges of Rs. 134.46 lakhs. Working capital adjustments included increase in trade and other receivable of Rs. 2,895.91 lakhs, due to increase in inventories of Rs. 467.52 lakhs and increase in trade payables of Rs. 2,276.87 lakhs.

Net cash used in operating activities was Rs. 301.26 lakhs for the Fiscal 2006, and consisted of net profit after taxation and extraordinary items of Rs. 46.18 lakhs, as adjusted for a number of non-cash items, primarily depreciation of Rs. 28.99 lakhs, unrealized foreign exchange difference of Rs. 15.11 lakhs, and other items, primarily interest and financial charges of Rs. 61.53 lakhs. Working capital adjustments included increase in trade and other receivable of Rs. 1,166.21 lakhs, due to decrease in inventories of Rs. 1,108.12 lakhs and increase in trade payables of Rs. 180.70 lakhs.

Investing Activities

Net cash used in investing activities was Rs. 63.46 lakhs for the nine month period ending December 31, 2009, primarily as a result of purchase of fixed assets of Rs. 73.34 lakhs offset by small amount of interest received on investments.

Net cash used in investing activities was Rs. 362.87 lakhs for the Fiscal 2009, primarily as a result of purchase of fixed assets of Rs. 369.84 lakhs offset by small amount of interest received on investments.

Net cash used in investing activities was Rs. 109.67 lakhs for the Fiscal 2008, primarily as a result of purchase of fixed assets of Rs. 108.67 lakhs offset by small amount of interest received on investments.

Net cash used in investing activities was Rs. 45.03 lakhs for the Fiscal 2007, primarily as a result of purchase of fixed assets of Rs. 45.22 lakhs offset by small amount of interest received on investments.

Net cash used in investing activities was Rs. 32.75 lakhs for the Fiscal 2006, primarily as a result of purchase of fixed assets of Rs. 32.75 lakhs.

Financing Activities

Net cash from financing activities was Rs. 61.40 lakhs for the nine month period ending December 31, 2009, primarily due to proceeds from short term borrowings of Rs. 619.23 lakhs partially offset by financial charges paid of Rs. 423.32 lakhs, IPO related expenditure of Rs. 120.52 lakhs and dividend payment of Rs. 13.99 lakhs.

Net cash from financing activities was Rs. 2,355.65 lakhs for the Fiscal 2009, primarily due to proceeds from short term borrowings of Rs. 2,781.32 lakhs partially offset by repayment of long term borrowings of Rs. 5.00 lakhs, financial charges paid of Rs. 406.73 lakhs, and dividend payment of Rs. 13.93 lakhs.

Net cash from financing activities was Rs. 268.35 lakhs for the Fiscal 2008, primarily due to proceeds from short term borrowings of Rs. 484.25 lakhs partially offset by loan repayment of Rs. 215.91 lakhs.

Net cash from financing activities was Rs. 614.78 lakhs for the Fiscal 2007, primarily due to proceeds from short term borrowings of Rs. 752.54 lakhs partially offset by loan repayment of Rs. 134.65 lakhs, repayment of long term borrowings of Rs. 3.11 lakhs.

Net cash used in financing activities was Rs. 188.76 lakhs for the Fiscal 2006, primarily due to repayment of long term and short term borrowings of Rs. 117.79 lakhs and Rs. 9.44 lakhs respectively and due to payment of finance charges of Rs. 61.53 lakhs.

Fixed Assets

Our gross block of assets includes fixed assets and capital work. Gross block as on December 31, 2009 stood at Rs. 1,175.81 lakhs due to addition of a *CERES* store. Gross block increased by Rs. 443.78 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, on account of addition of the Surat facility of Rs. 219.01 lakhs, improvement on leasehold land of Rs. 92.17 lakhs and plant and machinery of Rs. 80.47 lakhs. Gross block of fixed assets increased by Rs. 32.83 lakhs during the Fiscal 2008 as compared to the Fiscal 2007. Gross block of fixed assets increased by Rs. 36.50 lakhs during the Fiscal 2007 as compared to the Fiscal 2006

Intangible Assets: Company acquired an ERP software for Rs. 7.50 lakhs in December 2008.

Investments

We hold 95% stake holding in our Subsidiary. We had acquired 9,500 fully paid-up equity shares of our Subsidiary for Rs. 2.03 lakhs on March 10, 2008.

Current Assets, Loans and Advances

Current assets, loans and advances includes sundry debtors, cash and bank balances, inventories and loans and advances.

Sundry debtors stood at Rs. 37,482.30 lakhs as on December 31, 2009 due to increase in business activities and increase in jewellery sales made on credit during the period. Sundry debtors increased by Rs. 15,089.27 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, on account of a 121.27% increase in operating income during the Fiscal 2009 as compared to the Fiscal 2008. Sundry debtors increased by Rs. 3,823.97 lakhs during the Fiscal 2008 as compared to the Fiscal 2007, on account a 172.52% increase in operating income during the Fiscal 2008 as compared to the Fiscal 2007. Sundry debtors increased by Rs. 2,870.88 lakhs during the Fiscal 2007 as compared to the Fiscal 2006, on account of a 92.99% increase in operating income during the Fiscal 2007 as compared to the Fiscal 2006.

Cash and bank balances stood at Rs. 372.60 lakhs as on December 31, 2009 impacted by the increase in working capital cycle. Cash and bank balances increased by Rs. 578.32 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, primarily due to increase in bank balances at a number of branches. Cash and bank balances increased by Rs. 53.76 lakhs during the Fiscal 2008 as compared to the Fiscal 2007, primarily due to increase in bank balances at a number of branches. Cash and bank balances increased by Rs. 17.20 lakhs during the Fiscal 2007 as compared to the Fiscal 2006, primarily due to increase in bank balances at a number of branches.

Inventories stood at Rs. 9,476.26 lakhs as on December 31, 2009 impacted by opening of the *CERES* store. Inventories increased by Rs. 4,284.04 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, primarily on account of launch of retail outlets and a 121.27% increase in operating income during the Fiscal 2009 as compared to the Fiscal 2008. Inventories increased by Rs. 28.47 lakhs during the Fiscal 2008 as compared to the Fiscal 2007. Inventories increased by Rs. 467.52 lakhs during the Fiscal 2007 as compared to the Fiscal 2006 primarily due to commencement of operations and production at Surat facility.

Loans and advances stood at Rs. 234.71 lakhs as on December 31, 2009. Loans and advances increased by 148.22 lakhs during the Fiscal 2009 as compared to the Fiscal 2008 due to increase in the security deposit made for our retail stores and advances given to our Russian Subsidiary. Loans and advances increased by Rs. 57.83 lakhs during the Fiscal 2008 as compared to the Fiscal 2007, primarily due to advance given to suppliers and increase in the payment of advanced income tax. Loans and advances decreased by Rs. 158.29 lakhs during the Fiscal 2007 as compared to the Fiscal 2006 as a result of decrease in advances to suppliers.

Liabilities & Provisions

Current Liabilities stood at Rs. 32,209.96 lakhs as on December 31, 2009. Current liabilities increased by Rs. 14,608.25 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, primarily as a result of an increase in the amount payable to suppliers. Current liabilities increased by Rs. 2,325.41 lakhs during the Fiscal 2008 as compared to the Fiscal 2007, primarily as a result of an increase in the amount payable to suppliers. Current liabilities increased by Rs. 2,227.45 lakhs during the Fiscal 2007 as compared to the Fiscal 2006, primarily as a result of an increase in the amount payable to suppliers and decrease in the advances received from customers.

Provisions stood at Rs. 208.86 lakhs as on December 31, 2009. Provisions increased by Rs. 370.16 lakhs during the Fiscal 2009 as compared to the Fiscal 2008, primarily as a result of an increase in the tax provision. Provisions increased by Rs. 105.71 lakhs during the Fiscal 2008 as compared to the Fiscal 2007, primarily as a result of an increase in the tax provision. Provisions increased by Rs. 19.06 lakhs during the Fiscal 2007 as compared to the Fiscal 2006, primarily as a result of an increase in the tax provision.

Secured Loan

Our secured loans for as of March 31, 2009, 2008, 2007 and 2006, respectively, were Rs. 5,165.51 lakhs, Rs. 2,159.97 lakhs, Rs. 1,674.73 lakhs and Rs. 940.41 lakhs. As on December 31, 2009 the secured loans stood at

Rs. 5,707.78 lakhs. Secured loans include borrowings from domestic banks and financial institutions along with corporate bonds raised in the capital markets that are secured against assets of the company..

Secured loans increased by Rs. 3,005.54 lakhs in Fiscal 2009 as compared to Fiscal 2008 primarily due to increase in our working capital limit from the SBI led consortium from Rs. 2,500 lakhs to Rs. 5,000 lakhs. Secured loans increased by Rs. 485.25 lakhs in Fiscal 2008 as compared to Fiscal 2007. Secured loans increased by Rs. 734.32 lakhs in Fiscal 2007 as compared to Fiscal 2006.

Unsecured Loan

Our unsecured loans for as of March 31, 2009, 2008, 2007 and 2006, respectively, were Rs. 1.15 lakhs, Rs. 6.15 lakhs, Rs. 6.15 lakhs and Rs. 9.26 lakhs. There were no unsecured loans outstanding as on December 31, 2009. Unsecured loans include borrowings from directors and shareholders of our Company that have not been secured by any assets of the Company.

Unsecured loans decreased by Rs. 5.00 lakhs in Fiscal 2009 as compared to Fiscal 2008. Unsecured loans remained unchanged in Fiscal 2008 as compared to Fiscal 2007. Unsecured loans decreased by Rs. 3.11 lakhs in Fiscal 2007 as compared to Fiscal 2006.

Contractual Obligations and Commercial Commitments

We do not have any contractual obligations and commercial commitments as of December 31, 2009 which are likely to impact our liquidity and cash flows for less than a year.

Contingent Liabilities

The following table provides our contingent liabilities as of March 31, 2009:

(Rs. In lakhs)

Particulars	As on Dec 31, 2009	As at March 31,			
		2009	2008	2007	2006
Corporate Guarantee					
Guarantee given to banks in respect of credit facilities sanctioned to a group concern in which directors are interested as partners	692.97	692.97	692.97	1,300	700
Income Tax Matters					
Other Income Tax Matters	33.89	33.89	35.30	33.75	22.25
Total	**726.86**	**726.86**	**728.27**	**1,333.75**	**722.25**

Related Party Transactions

We have engaged in the past, and may engage in the future transactions with related parties on an arm's lengths basis. Such transactions could be for provision of services, lease of assets or property, sale or purchase of equity shares or entail incurrence of indebtedness. For details of our related party transactions, see Annexure H of our restated consolidated Financial Statements on page F-41.

Off Balance Sheet Commitments and Arrangements

We have entered into forward contracts in order to hedge our foreign currency risks.

Foreign Currency Exchange Rate Risk

A substantial portion of our Company's expenditure was incurred and earnings were received in foreign currency. Changes in currency exchange rates may materially influence our results of operations. We report our financial results in Indian rupees, while portions of our total income and expenses are denominated, generated or incurred in currencies other than Indian rupees, such as U.S. Dollars. To the extent that our income and expenditures are not denominated in Indian rupees, exchange rate fluctuations could affect the amount of income and expenditure we record.

Inflation Risk

Although India has experienced fluctuation in inflation rates in recent years, inflation has not had a material impact on our business or results of operation.

Known Trends or Uncertainties

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on pages x and 120, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Future Relationship between Expenditure and Revenue

Other than as described in the section entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on pages x and 120, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

New Products or Business Segment

Other than as described in this Red Herring Prospectus, we do not have any new products or business segments.

Competitive Conditions

We expect competition in Gems and Jewelry sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competitive conditions in the section entitled "Risk Factors" beginning on page x of this Red Herring Prospectus.

Significant Developments after December 31, 2009 that may affect our future Results of Operations

To our knowledge and belief, no circumstances other than as those disclosed in this Red Herring Prospectus have arisen since the date of the last financial statements contained in the Red Herring Prospectus which materially affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

As on March 6, 2010 our Company on a standalone basis, has availed secured loan of Rs. 7,800 lakhs.

I. SECURED BORROWINGS

1. Consortium Loan of Rs. 7,800 lakhs

Our Company had entered into a Working Capital Consortium Agreement dated May 17, 2006 with State Bank of India, Punjab and Sindh Bank and UCO Bank for a loan of Rs. 1,600 lakhs. Subsequently the loan amount was enhanced to Rs. 2,090 lakhs by first supplement to the Working Capital Consortium Agreement dated March 13, 2007. The loan amount was further enhanced to Rs. 2,500 lakhs by a Memorandum of Entry for Enhanced Facility dated September 12, 2008. Subsequently by Second Supplement to the Working Capital Consortium dated September 23, 2008 the total amount borrowed from the consortium was enhanced to Rs. 6,000 lakhs and Punjab National Bank also became a member of the consortium. Thereafter, by Supplemental Working Capital Consortium Agreement ated March 2, 2010 the total amount borrowed from the consortium has been enhanced to Rs. 7,800 lakhs.

<u>*Loan provided by each member of the consortium*</u>

Name of lender	Facility (Rs. in lakhs)	Outstanding amount **(Rs. in lakhs)	Interest rate (p.a.)	Repayment schedule
State Bank of India	Total limit of 1,560.00	Rs. 1,560.00	7%	Repayable on demand
	Export packing credit of Rs. 325.00	Nil		
	Post shipment credit of Rs. 1,300.00	Rs. 1,560.00		
	Standby limit of 260.00*	Nil		
Punjab and Sindh Bank	Total limited of 2,434.00	Rs. 1,550.12	7.75%	Repayable on demand
	Export packing credit of 500.00	Rs. 877.77		
	Post shipment credit of 1,528.00	Rs. 672.35		
	Standby credit of 406.00*	Nil		
UCO Bank	Total credit of 1,092.00	Rs.697.81	9% for 90 days and 9.75 % for 180 days for borrowings in INR and LIBOR+2.00 for borrowings in USD	Repayable on demand
	Export packing credit of 390.00	Rs. 297.81		
	Post shipment credit of 520.00	Rs. 400.00		
	Standby limited of 182.00*	Nil		
Punjab National Bank	Total limit of 2,714.00	Rs. 1,624.00	7% for borrowings in INR and Libor +2.00 for borrowings in USD	Repayable on demand
	Export packing credit of 435.00	Rs.624.00		
	Post shipment credit of 1,827.00	Rs.1,000.00		
	Standby limit of 452.00*	Nil		
Total	**7,800**	Rs.5,431.93		

**The stand by limit can be used against export packing credit and/or post shipment credit.*
** The outstanding amount for State Bank of India and Punjab National Bank is as on March 6, 2010 and for UCO Bank and Punjab and Sind Bank is as on March 5, 2010.

Security:

- First charge by way of hypothecation on the Company's current assets namely stocks of raw materials, semi finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills, receivable, book debt and all other movables relating to the Company (excluding such movables as are permitted by the banks from time to time) but including documents of title to goods and other assets, such as outstanding moneys, receivables by way of cash assistance and/or cash, including under the cash incentives scheme or any other schemes, claims including refund of customs/excise duties under the duty draw credit scheme or any other schemes, bills, invoices, documents, contracts, engagement, securities, investments and rights both present and future lying in the Company's premises or godown otherwise used by the Company for its business.

- Equitable mortgage on Flat No. 4, First Floor, Mount Unique, Plot No. 62-A, Dr. G.D. Marg, Peddar Road, Mumbai- 400 026 admeasuring 2,875 sq.ft. owned by our Company.

- Equitable mortgage on "Goenka House" Plot No. C-114 and C-115-A, Shivaji Marg, Vijay Path, Tilak Nagar, Jaipur, Rajasthan- 302 004, admeasuring 11,000 sq.ft. owned by Mr. Nand Lal Goenka.

- Equitable Mortgage on Part Bunglow at Plot No. C-115 (East Part), Shivaji Marg, Vijay Path, Tilak Nagar, Moti Dongri Scheme, Jaipur, Rajashtan, admeasuring 333.33 square yards, owned by Mr. Nand Lal Goenka.

- Lien on fixed deposit of Rs. 60 lakhs created in favour of State Bank of India.

- Lien on fixed deposit of Rs. 15.05 lakhs created in favour of Punjab National Bank.

The corporate actions for which we require prior written consent of our lenders are as follows:

- Any change in the constitution of the Company or change in the Board of Directors.
- Permit any transfer of the controlling interest or make any drastic change in the management set-up.
- Effect any change in the capital structure.
- Withdraw capital or divert it to the associates or from one group account to another.
- Disinvestments by promoters of their quota in the equity of the Company.
- Formulate any scheme of amalgamation/merger/takeover/ reconstitution.
- Declare dividend for any year except out of profits relating to the year.
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern including promoter group companies except in the normal course of business.
- Undertake any new project, implement any scheme of taking up new project or large scale expansion/modernization or acquisition of fixed assets involving substantial amount in any financial year.
- Enter into additional borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits.
- Undertake any guarantee obligations on behalf of any other company including Group Companies.
- Create any charge, lien or encumbrances over its undertakings, assets or any part thereof in favour of any financial institution, bank, company, firm or persons. Use short term fund for long term purposes.
- Sell, assign, mortgage or otherwise dispose of any fixed assets charged to the bank.
- Enter into any financial obligations of a long term nature or affecting the Company's financially to a significant extent.
- Change the practice with regard to remuneration by means of ordinary remuneration or commission, scale of sitting fees etc.
- Dispose of, whole or substantially the whole of the undertakings.
- Undertake any trading activity other than the sale of products arising out of its own manufacturing operations.
- Repay money brought in by the promoters/directors/ principal shareholders and their friends and relatives by way of deposits/loans/advances. Further the rate of interest on such loans and advances should be lower than the rate of interest charged by the banks.

In addition to the corporate approvals specified above there are certain key financial covenants, terms and conditions in the loan facilities, which are set out as follows:

- The bank reserves the right to call upon advances on happening of any event considered by the bank as jeopardising its interest.
- * State Bank of India shall have the first charge over the profits of the Company, after provision for taxation and dividend where applicable, for repayment of installments under the term loans granted/deferred payment, guarantees executed by the bank or other repayment obligations, if any, due from the Company to the bank.
- * State Bank of India shall have the right to convert the debt into equity, at a time felt appropriate by the bank at a mutually acceptable formula.
- * State Bank of India shall have the rights to securities and the secured assets and in the event of securitisation the bank is not bound to send an individual intimation as to said securitisation to the Company and/or guarantor/s.

2. Charge on Company's assets against borrowings by Promoter Group companies

a. A collateral security has been created on the following assets of our Company in favour of UCO Bank, for a loan of Rs. 900 lakhs borrowed by M/s Goenka Jewellers, one of its Group Companies pursuant to a facility agreement dated February 9, 2007. Further the loan amount was enhanced to Rs. 1,700 lakhs vide sanction letter dated January 7, 2008. The loan amount was further renewed by a letter dated May 5, 2009. Our Company has also given a corporate guarantee in favour of M/s Goenka Jewellers for the aforesaid loan amount. By a letter dated September 15, 2009, the bank has confirmed that the corporate guarantee given by the Company is only to the extent of Rs. 604.76 lakhs which is the value of the property given as collateral security.

- Equitable mortgage on flat No. 10, Block B, 3rd Floor, Ganapati Enclave, Madrapura, Ajmer Road, Jaipur- 302 006, Rajasthan India.

- Office No. 1305, 13th Floor, Panchratna Building, Mama Parmanand Marg, Opera House, Girgaon Division, Street No. 184, Mumbai - 400 004, Maharashtra, India.

- Fixed deposit of Rs. 13 lakhs of the Company.

b. A collateral security has been created on commercial premises of the Company situated at first and third floor, Gaensham-I Complex, MI Road, Jaipur, admeasuring 1,357.10 sq.ft. in favour of Punjab and Sindh Bank, for a loan of Rs. 1,100 lakhs borrowed by M/s Goenka Jewellers, one of its Group Companies vide sanction letter dated July 27, 2007. The loan amount has been further renewed by letter dated February 13, 2009. Our Company has also given a corporate guarantee in favour of M/s Goenka Jewellers for the aforesaid loan amount. By a letter dated September 15, 2009, the bank has confirmed that the corporate guarantee given by the Company is only to the extent of Rs. 88.21 lakhs which is the value of the property given as collateral security.

State Bank of India vide its letter dated September 15, 2009, Punjab and Sindh Bank vide its letter dated September 15, 2009, UCO Bank vide its letter dated September 11, 2009 and Punjab National Bank vide its letter dated September 14, 2009 has consented to the Issue.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company and our Subsidiary, Directors, Promoters and Group Companies, and there are no defaults including non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic / civil / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or our Subsidiary except as stated below, and no disciplinary action has been taken by SEBI or any stock exchange against our Company, Subsidiary, Promoters, Promoter Group companies or Directors. Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus.

Neither our Company nor the Promoters, our Subsidiary, associates and Directors, have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

I. Contingent liabilities not provided for as of December 31, 2009:

Our contingent liabilities not provided for and outstanding guarantees as of March 31, 2009 (as disclosed in our financial statements) include:

Rs. in lakhs	Nine Month period ending December 31, 2009	Fiscal 09	Fiscal 08	Fiscal 07	Fiscal 06	Fiscal 05
Corporate Guarantee	692.97	692.97	692.97	1,300.00	700.00	700.00
Income Tax Matters	33.89	33.89	35.30	33.75	22.25	20.75
Total	**726.86**	**726.86**	**728.27**	**1,333.75**	**722.25**	**720.75**

Note: There are no contingent liabilities against our Group Companies for the last five years.

II. Litigation involving our Company

A. Outstanding proceedings against the Company for statutory non compliance

Our Company, has made an application dated September 12, 2009, before the Company Law Board, (Northern Region Bench), New Delhi, for compounding of offence under section 621-A of the Companies Act for non compliance with section 295 of the Companies Act. Our Company had provided collateral security for a loan borrowed by one of its Group Companies, Goenka Jewellers, a partnership firm in 2007 from UCO Bank and Punjab and Sindh Bank. Under section 295(1) (b) of the Companies Act, no company unless exempted as stated under section 295 (2), shall provide security in connection with a loan borrowed by a partnership firm in which any such directors of the Company are also partners, without obtaining prior approval of the Central Government. At the time of providing the security, our Company was private company and it fell under the exemption under Section 295 (2). However on April 15, 2008, our Company became a public company and on May 5, 2009 and February 13, 2009, our Company renewed the collateral securities given in favour of UCO Bank and Punjab and Sindh Bank respectively, without taking prior government approval. Hence aforesaid application has been made to the Company Law Board.

B. Outstanding litigation and material developments/proceedings involving our Company

Civil proceedings against our Company

Su-Na-Ra Trading and Investment Private Limited has filed a suit (Number 4893 of 1999) against Ms. Lilavanti in the Bombay High Court on August 19, 1999 and by an order dated January 11, 2001, our Company has been added as a defendant to the suit. The suit pertains to the sale of the flat number 4, 1st floor, Mount Unique, Co-operative Society Dr. GD Marg, Mumbai 400026, by Ms. Lilavanti to the Company by way of an agreement for sale dated August 16, 1999. The plaintiff has alleged that there already is a prior agreement for the sale of the flat between Ms. Lilavanti and the plaintiff, and therefore, the agreement for sale between Ms. Lilavanti and the Company is void and not binding upon Ms. Lilavanti and that the agreement between Ms. Lilavanti and the plaintiff be enforced. The matter is currently pending and the next date of hearing is yet to be notified.

Tax proceedings against our Company

1. Pursuant to a scrutiny of the returns of the Company for the assessment year 2003-2004, the Assistant Commissioner of Income Tax (Circle-II, Jaipur), in his capacity as the assessing officer, by an order dated March 28, 2006, set aside an amount equal to Rs. 1,82,00,140 from the books of accounts for the purchase of cut and polished diamonds from M/s Excel Gems. The assessing officer further added a sum equal to Rs. 47,08,140 as income of the Company under the head 'income from other sources' and also disallowed deduction under Section 80HHC of the I. T Act. The Company appealed against the order of the assessing officer to the Commissioner of Income Tax (Appeals), Jaipur, who by an order dated March 5, 2007 confirmed the order of the assessing officer. The Company further appealed to the Income Tax Appellate Tribunal, Jaipur Bench, which by its order dated May 30, 2007, set aside the order of the assessing officer and deleted the addition to the income of the Company and further allowed deduction under Section HHC of the I. T Act. Aggrieved by the order of the Income Tax Appellate Tribunal, the income tax department has appealed to the Rajasthan High Court (D.B. Income Tax Appeal Number 579/2008). The matter is currently pending before the Rajasthan High Court and the next date of hearing is yet to be notified.

2. Pursuant to a scrutiny of the returns of our Company for the assessment year 2001-2002, the Assistant Commissioner of Income Tax (Circle-II, Jaipur), in his capacity as the assessing officer, by an order dated March 19, 2004, declared the income of the Company to be Rs. 1,22,05,010 and not Rs. 94,20,100, as declared by the Company in its returns. The Company appealed against the order of the assessing officer to the Commissioner of Income Tax (Appeals), Jaipur, and one of the grounds of appeal was against the levy of interest under Section 234B of the I. T Act, wherein the Company argued that the same has been calculated in excess, in as much as it has been charged on tax payable before allowing minimum alternate tax credit available to the Company. The Commissioner of Income Tax (Appeals), Jaipur, by its order dated September 29, 2004, directed the assessing officer to give credit of minimum alternate tax before charging of interest under Section 234B of the Act and partly allowed the Company's appeal. Aggrieved by the order, the income tax department appealed to the Income Tax Appellate Tribunal, which upheld the order of the Commissioner of Income Tax (Appeals), Jaipur. The income tax department has now appealed to the Rajasthan High Court (D.B. Income Tax Appeal Number 45/2007). The matter is currently pending before the Rajasthan High Court and the next date of hearing is yet to be notified.

Pending cases filed by our Company

There are no pending cases, including disputed outstanding litigations & proceedings, filed by our Company.

C. Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

D. Details of past penalties imposed on our Company

There are no past penalties imposed on our Company.

E. Potential litigation against our Company

There are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice.

F. Material developments since the last balance sheet date

Except as disclosed in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 120, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or its ability to pay its material liabilities within the next 12 months.

G. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above Rs. 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

H. Outstanding litigation against other companies whose outcome could have an adverse effect on our Company

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, show cause notices or legal notices pending against any company whose outcome could affect the operation or finances of the Company or have a material adverse effect on the position of our Company.

I. Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connect with our Company with regards non compliance with securities law.

J. Disciplinary action taken by SEBI or stock exchanges against our Company

There is no disciplinary action taken by SEBI or stock exchanges against our Company as on the date of filing this Red Herring Prospectus.

K. Criminal proceedings initiated against our Company

There are no criminal proceedings initiated against our Company as on the date of filing this Red Herring Prospectus.

L. Adverse findings against our Company as regards non compliance with securities laws

There is no adverse finding against our Company as regards non compliance with securities law on the date of filing this Red Herring Prospectus.

III. Litigation involving the Directors of our Company

A. Outstanding litigation against our Directors

There is no outstanding litigation involving our Directors including criminal prosecutions or civil proceedings or proceedings initiated for economic offences or any disciplinary action taken by SEBI or stock exchanges involving our Directors, and there are no material defaults, violation of statutory regulations or non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

B. Outstanding litigation and proceedings filed by our Directors

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by the Directors.

C. Proceedings initiated against the Directors for economic offences

There are no proceedings initiated against the Directors for any economic offences.

D. Details of past penalties imposed on our Directors

There are no past penalties imposed on the Directors.

E. Criminal proceedings initiated against the Directors

There are no criminal proceedings initiated against the Directors as on the date of filing this Red Herring Prospectus.

F. Civil proceedings initiated against the Directors

There are no civil proceedings initiated against the Directors as on the date of filing this Red Herring Prospectus.

G. Tax proceedings initiated against the Directors

There are no tax proceedings initiated against the Directors as on the date of filing this Red Herring Prospectus.

IV. Litigation involving our Subsidiary

There is no outstanding litigation involving our Subsidiary, including criminal prosecutions or civil proceedings, or proceedings initiated for economic offences or any disciplinary action taken by SEBI or stock exchanges and there are no defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Subsidiary, pertaining to matters likely to affect its operations, including tax liabilities, prosecutions under any enactment in respect to Schedule XIII of the Companies Act, 1956.

V. Litigation involving the Promoters of our Company

A. Outstanding litigation and material developments/proceedings against our Promoters

There is no outstanding litigation involving our Promoters, including criminal prosecutions or civil proceedings involving our Promoters, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

B. Outstanding litigation and material developments/proceedings filed by our Promoters

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Promoters.

D. Details of past penalties imposed on our Promoters

There are no past penalties imposed on our Promoters.

E. Proceedings initiated against our Promoters for economic offences

There are no proceedings initiated against our Promoters, for any economic offences.

F. Litigation/Defaults in respect of companies/firms/ventures which our Promoters were associated in the Past

There is no outstanding litigation/defaults in respect of companies/firms/ventures with which the Promoters were associated in the past.

G. Adverse findings against any persons/entities connected with our Promoters as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Promoters with regard to non compliance with securities law.

H. Criminal proceedings initiated against the Promoters

There are no criminal proceedings initiated against the Promoters as on the date of filing this Red Herring Prospectus.

I. Civil proceedings initiated against the Promoters

There are no civil proceedings initiated against the Promoters as on the date of filing this Red Herring Prospectus.

J. Tax proceedings initiated against the Promoters

There are no tax proceedings initiated against the Promoters as on the date of filing this Red Herring Prospectus.

K. Litigation against the Promoters for violation of statutory regulations

There are no proceedings initiated against the Promoters for violation of statutory regulations as on the date of filing this Red Herring Prospectus.

VI. Litigation involving our Group Companies

1. Outstanding litigation and material developments/proceedings against Group Companies

Except for Goenka Infra Projects Private Limited as stated below, there are no proceedings pending against or filed by Goenka Jewellers, Nand Lal Goenka HUF, Goenka Entertainments Private Limited, Goenka Properties Private Limited, Goenka Infra Builders Private Limited, Goenka Diamonds Private Limited, Geet Holdings Private Limited, Sonam Complex Private Limited, Yash Complex Private Limited.

Proceedings against Goenka Infra Projects Private Limited

1. Alphonse Thomas Fernandes has filed a suit (Number 2026 of 2008) against Goenka Infra Projects Private Limited and others before the City Civil Court, Dindoshi, Goregaon, Mumbai, on November 6, 2008. The suit pertains to the purchase of land measuring 4797.04 square metres bearing CTS

numbers 1411/13, 1411/14, 1411/15, 1411/16 at village Marol, Taluka Andheri, Mumbai, by Goenka Infra Projects Private Limited from Star Chemicals (Bombay) Private Limited pursuant to the deed of Conveyance executed and registered on July 9, 2008. The plaintiff has alleged that the defendant has a false claim over the properties, and has therefore sought from the court that the defendant be restrained from dealing, selling, disposing-off, alienating, transferring and/or creating third party right in the suit property and that the plaintiff be allowed peaceful use of the same. The matter is currently pending and the next date of hearing is on March 30, 2010.

2. Alphonse Thomas Fernandes had filed a suit (Number 2407 of 2007) against Municipal Corporation of Greater Mumbai, Mumbai International Airport Private Limited and Star Chemicals (Bombay) Private Limited before the City Civil Court, Dindoshi, Goregaon, Mumbai on June 29, 2007. Pursuant to an application by the plaintiff , the City Civil Court, Dindoshi, by its order dated September 9, 2008 has added Goenka Infra Project Private Limited as a party. The suit pertains to land measuring 4797.04 square metres bearing CTS numbers 1411/13, 1411/14, 1411/15, 1411/16 4797.04 at village Marol, Andheri Taluka, Mumbai. The plaintiff has alleged that he is the owner of the said property and that the sale of the same to Goenka Infra Projects Private Limited by Star Chemicals (Bombay) Private Limited is void. The Plaintiff, has accordingly, sought from the court that the conveyance deed dated July, 9, 2008 between Star Chemicals (Bombay) Limited and Goenka Infra Projects Limited be declared void. The matter is currently pending and the next date of hearing is March 17, 2010.

3. Carmel Alphonse Fernandes & others has filed a suit (Number 1141 of 2008) against Alphonse Thomas Fernandes, Goenka Infra Projects Private Limited, Star Chemicals (Bombay) Private Limited, Municipal Corporation of Greater Mumbai & Union of India before the City Civil court, Dindoshi, Goregaon, Mumbai on June 12, 2008. The suit pertains to land measuring 4797.04 square metres bearing CST numbers 1141/13, 1141/14, 1141/15), 1141/16, at Village Marol, Taluka Andheri, Mumbai. The plaintiffs have, *inter alia*, alleged that Goenka Infra Projects Private Limited has false claim over the suit property and is disturbing the plaintiff's peaceful use of the same and has therefore sought from the Court an injunction for not disturbing plaintiff's peaceful use of the property. The matter is currently pending and the next date of hearing is April 15, 2010.

4. Mumbai International Airport Private Limited has filed a suit (Number 405 of 2008) before the City Civil Court, Dindoshi, Goregaon, Mumbai on August 17, 2009. The suit pertains to land measuring 4797.04 square metres bearing CTS numbers. 1141/13, 1141/14 ,1141/15, 1141/16 at village Marol, taluka Andheri, Mumbai. The plaintiff has alleged that the conveyance deed dated July, 9, 2008 between Star Chemicals (Bombay) Limited and Goenka Infra Projects Limited is illegal, void and inoperative and has therefore sought from the Court that deed of Conveyance be declared null and void .The matter is currently pending and the next date of hearing is April 26, 2010.

B Outstanding litigation and material developments/proceedings filed by Group Companies

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by the Group Companies.

C. Details of past penalties imposed on our Group Companies

There are no past penalties imposed on the Group Companies.

D. Proceedings initiated against Group Companies for economic offences

No proceedings have been initiated against Group Companies for any economic offence.

E. Adverse findings against any persons/entities connected with our Promoters as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Promoters with regard to non compliance with securities law.

J. Proceedings initiated against the Group Companies involving labour disputes or closure.

There has been no litigation against the Group Companies with respect to labour disputes or closures as on the date of filing of this Red Herring Prospectus.

H. Proceedings against the group Companies with respect to default/over dues.

There has been no litigation against the Group Companies with respect to default/over dues as on the date of filing of this Red Herring Prospectus.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Issue and our current business activities, and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see the section titled "Regulations and Policies" on page 79.

A. Approvals relating to the Issue

1. In-principle approval from the NSE dated December 4, 2009;

2. In-principle approval from the BSE dated November 12, 2009;

3. The Board pursuant to its resolutions dated June 22, 2009 and September 6, 2009, authorised this Issue; and

4. The shareholders of our Company have, pursuant to their resolution dated July 31, 2009, authorised this Issue;

B. Approvals relating to our business and operations

General Approvals

1. Fresh certificate of incorporation consequent upon change of name on conversion to public limited company, issued by the Registrar of Companies, Rajasthan, by its certificate dated May 15, 2008, pursuant to the change in name of the Company from Goenka Diamonds and Jewels Private Limited to Goenka Diamonds and Jewels Limited.

2. Corporate Identification Number: U36911RJ1990PLC005651

Business Approvals

a. Approvals received pertaining to our business:

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
1.	Certificate of registration	The Gems and Jewellery Export Promotion Council	GJC/REGN/MFG/RO-JAI/G05302/2008-2013	October 1, 2008	March 31, 2013
2.	Certificate of renewal of ordinary membership for 2009-2010	The Gems and Jewellery Export Promotion Council	GJEPC/RO-JAI/G05302/OM/VII	June 16, 2009	March 31, 2010
3.	Letter of permission for manufacture of diamonds and diamond studded gold jewellery, and diamond trading at Plot Number 255A, Surat Special Economic Zone, Sachin, Surat, Gujarat	Development Commissioner, Government of India, Surat Special Economic Zone, Sachin Surat, Gujarat	Letter of Permission Number SSEZ/G-14/331/05-06/858	January 05, 2006	-
4.	Letter of approval for change in name of the	Development Commissioner,	Letter number SSEZ/G-14/331/05-06/352	August 4, 2008	-

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	implementing agency from M/s Goenka Diamonds & Jewels Private Limited to Goenka Diamond and Jewels Limited	Government of India, Surat Special Economic Zone, Sachin Surat			
5.	Certificate of Importer-Exporter code (IEC)	Ministry of Commerce, Government of India	1390002985	January 29, 1991	-
6.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, in respect of Shop Number 3, Makhija Chambers Tower, opposite SBI, Bandra (W), Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	760082832/ Shop I	April 17, 2009	December 31, 2013
7.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, in respect of Shop Number 6, Ground Floor, Plot No. 356, Sunswept Co-Housing Society Limited, Serial Number 41 (PT), Versova, Oshiwara (W), Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	760062238/ Shop I	July 29, 2008	December 31, 2011
8.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, in respect of B/144, 1st Floor, Atria Mall, Dr. AB Road, Worli, Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	760057599/ Shop I	June 26, 2008	December 31, 2011
9.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, in respect of Gala 15, Piramal Nagar, Building No. 4, Piramal Industrial Estate, Goregaon West, Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	760056918/Commercial II	June 23, 2008	December 31, 2011
10.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, for in respect of Gala 24, Piramal Industrial Estate, No. 4. SV Road, Goregaon, Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	760013419	July 3, 2007	December 31, 2010
11.	Certificate of registration under the Bombay Shops and Establishments Act, 1948, in respect of 1305, Pancharatna, 13th Floor, Opera House, Mumbai	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	DII 11 688	February 14, 1996	March 31, 2010
12.	Permanent registration certificate in respect of 401, Panchratna, Jouhari	District Industries Centre, Jaipur,	RJSI/012379/13/17/SFNL	November 21, 1995	-

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	Bazar, MSB Ka Road, Jaipur 302003, for the manufacture of cut and polished precious and semi-precious stones	Government of Rajasthan			
13.	Allotment of code number under the Employees Provident Fund and Miscellaneous Provisions Act, 1952	Office of the Regional Provident Fund Commissioner, Mumbai	MH/211069	June 26, 2008	-
14.	Allotment of code number under the Employees State Insurance Act, 1948	Employees State Insurance Corporation, Mumbai	35-07073-43	September 1, 2008	-
15.	License to work a factory under Rule 5 (Form No.4) under the Gujarat Factories Rules, 1963 in respect of 255 A, Surat Special Economic Zone, Sachin, Surat	Directorate Industrial Safety & Health, Gujarat	607/36912/2009	August 29, 2009	December 31, 2010
16.	License under Section 394 of the Mumbai Municipal Corporation Act, 1888 in respect of Gala Number 24, Piramal Industrial Estate, No. 4. SV Road, Goregaon, Mumbai for the purpose of stone grinding, cutting, dressing of diamond polishing, dressing and cleaning	License Department, Municipal Corporation of Greater Mumbai	871072605	August 17, 2009	August 3, 2010
17.	License under Section 394 of the Mumbai Municipal Corporation Act, 1888 in respect of Gala Number 15, Piramal Industrial Estate, No. 4. SV Road, Goregaon, Mumbai for the purpose of stone grinding, cutting, dressing of diamond polishing, dressing and cleaning	License Department, Municipal Corporation of Greater Mumbai	871072603	August 17, 2009	August 3, 2010
18.	Registration under Shops and Establishment Act, 1958 issued in the name of the Company for its premises situated at 401, Panchratana, Moti Singhbhomiyon Ka Rasta, Johari Bazar, Jaipur-302003, India.	Inspector Rajasthan Shops and Commercial Establishment Act, 1958	No.338/R 188V/P/66/95	September 11, 2009	-
19.	Allotment of status of Star Export House in accordance with the provisions of the Foreign Trade Policy, 2004-2009	Joint Director General of Foreign Trade	File No 13/EHC/35AM.10	April 1, 2009	March 31, 2014
20	Factory permit under Sections 390 and 479 of the Mumbai Municipal	Municipal Commissioner, Municipal	Factory Permit No 785008402	April 1, 2009	March 31, 2011

S. No.	Approval	Authority	Reference / Registration Number	Date	Expiry Date
	Corporation Act., 1888 in respect of Gala Number 24, Piramal Industrial Estate, No. 4. SV Road, Goregaon, Mumbai	Corporation of Greater Mumbai			

b. Applications made to governmental or regulatory authorities for registration

S. No.	Application	Authority	Date of Application
1.	Common application for consent under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Authorisation under Hazardous Wastes (Management and Handling) Rules, 1989	Maharashtra Pollution Control Board, Mumbai Regional Office	September 8, 2009

Taxation related registrations

Our Company has received the following significant taxation related approvals:

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
1.	Permanent Account Number (PAN)	Income Tax Department, Government of India	AAACG7934Q	June 5, 2008	-
2.	Tax Deduction Account Number (TAN)	Income Tax Department, Government of India	JPRG00813B	-	-
3.	VAT Tax Identification Number	Department of Sales Tax, Government of Maharashtra	27160355462V	April 1, 2006	-
4.	CST Tax Identification Number	Sales Tax Department, Maharashtra	27160355462C	April 1, 2006	-
5.	Certificate of registration under Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Sales Tax Officer, Registration Branch, Mumbai	1/1/24/15929	September 22, 1995	-
6.	Certificate of registration as a dealer under the Central Sales Tax (Registration and turnover) Rules, 1957	Registration Officer, Sales Tax Department, Maharashtra	MH01C022360	April 1, 2006	-
7.	Certificate of registration under Section 16 of the Maharashtra Value Added Tax Act, 2002	Registration Officer, Sales Tax Department , Government of Maharashtra	MH01V059046	April 1, 2006	-

Intellectual property approvals

a. <u>*Trademarks registered in the name of our Company*</u>

Sr. No.	Trade Mark	Class	Product	Trade Mark Number	Date of Registration	Validity
1.	DE BIJOU	14	Diamonds	1260227	January 9, 2004	January 8, 2014
2.	FANCIES	14	Precious stones and diamonds	1267551	February 17, 2004	February 16, 2014
3.	EXPRESSION COMPLETED	14	Diamonds and jewellery	1274746	March 24, 2004	March 23, 2014
4.	FILIA	14	Diamond and jewellery	1275210	March 26, 2004	March 25, 2014
5.	ADARA	14	Precious stones, diamonds and jewellery	1269179	February 26, 2004	February 25, 2014
6.	G WILD	16	Promotional materials like magazines, brouchers, stationary, paper and paper materials.	1658278	February 26, 2008	Febraury 25, 2018
7.	G WILD	20	Furniture, mirrors, picture frames, goods of wood, cork, reed, cane, weed etc.	1658279	February 26, 2008	Febraury 25, 2018
8.	G WILD	38	Telecommunications & broadcasting.	1658281	February 26, 2008	Febraury 25, 2018
9.	G WILD	14	Precious metals, jewellery, precious stones, horological and chronometric instruments.	1658277	February 26, 2008	Febraury 25, 2018
10.	G WILD	35	Export & import, marketing & distribution, advertising etc.	1658280	February 26, 2008	Febraury 25, 2018
11.	G WILD	40	Treatment of materials, job work, cutting and polishing diamonds.	1658282	February 26, 2008	Febraury 25, 2018
12.	G WILD	41	Education, events and exhibition.	1658283	February 26, 2008	Febraury 25, 2018
13.	G WILD	42	Scientific and technological services.	1658284	February 26, 2008	Febraury 25, 2018
14.	CERES	16	Promotional materials like magazines, brouchers, stationary, paper and paper materials.	1635046	December 27, 2007	December 26, 2017
15.	CERES	20	Furniture, mirrors, picture frames, goods of wood, cork, reed, cane, weed etc.	1635047	December 27, 2007	December 26, 2017
16.	CERES	14	Precious metals, jewellery, precious stones, horological and chronometric instruments.	1635045	December 27, 2007	December 26, 2017
17.	CERES	35	Export & import, marketing & distribution, advertising etc.	1635066	December 27, 2007	December 26, 2017
18.	CERES	42	Scientific and technological services.	1635080	December 27, 2007	December 26, 2017
19.	MAGNIFICENT 169	35	Export & import, marketing & distribution, advertising etc.	1662418	March 7, 2008	March 6, 2018
20.	EXPRESS YOUR DIVINITY	14	Precious metals, jewellery, precious stones, horological and chronometric instruments.	1274745	March 24, 2004	March 23, 2014
21.	CERES	38	Telecommunications & broadcasting.	The Company has received confirmation from		

				the website of Government of India, Controller General of Patents, Designs and Trade Mark registry (https://www.ipindiaonline.gov.in/etmr/tmrstatus/onlinestatus.aspx) stating that the trade mark application no. 1635067 has been registered. However the certificate of registration stating date of issue and validity of the trade mark is awaited.
22.	CERES	40	Treatment of materials, job work, cutting and polishing diamonds.	The Company has received confirmation from the website of Government of India, Controller General of Patents, Designs and Trade Mark registry (https://www.ipindiaonline.gov.in/etmr/tmrstatus/onlinestatus.aspx) stating that the trade mark application no. 1635078 has been registered. However the certificate of registration stating date of issue and validity of the trade mark is awaited.
23.	CERES	41	Education, events and exhibition.	The Company has received confirmation from the website of Government of India, Controller General of Patents, Designs and Trade Mark registry (https://www.ipindiaonline.gov.in/etmr/tmrstatus/onlinestatus.aspx) stating that the trade mark application no. 1635079 has been registered. However the certificate of registration stating date of issue and validity of the trade mark is awaited.

b. Applications made before the Registrar of Trade Marks for registration of trademarks

Sr. No.	Trade Mark	Class	Product	Application Number	Date of Application	Status
1.	TAKE PRIDE IN YOUR WOMENHOOD	14	Diamond & diamond jewellery	1563648	April 28, 2007	Company has filed a response to the application examination report with the Registrar of Trade Marks, on February 6, 2008
2.	PURELY DIVINE	14	Diamond & diamond jewellery	1563647	April 28, 2007	Receipt of proprietor code Number on June 1, 2007
3.	MJ	35	Export & import of jewellery items	1313461	July 29, 2004	Company has filed counter statement dated February 28, 2007 in respect of opposition to the Trade Mark
4.	MAKE A WISH	14	Diamond & diamond jewellery	1274743	February 23, 2004	Company has filed counter statement dated December 28, 2006 in respect of opposition to the Trade Mark

Sr. No.	Trade Mark	Class	Product	Application Number	Date of Application	Status
5.	MAGNIFICENT 129	14	Precious metals, jewellery, precious stones, horological and chronometric instruments.	1649034	January 4, 2008	Company has filed on November 10, 2008, response to application examination report dated October 10, 2008 received from Registrar of Trade Marks
6.	MAGNIFICENT 145	14	Precious Metals, Jewellery, precious stones, horological and chronometric instruments.	1662417	March 19, 2007	Company has filed on November 10, 2008, response to application examination report dated October 17, 2008 received from the Registrar of Trade Marks

Approvals relating to MB Diamonds

S. No.	Approval Granted	Authority	Reference / Registration Number	Date Granted	Validity
1.	Certificate of Registration	Federal Tax Service, Number 46, Moscow	1057748758121	October 25, 2005	-

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Our Board has, pursuant to its resolutions dated June 22, 2009 and September 6, 2009, authorised this Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company have authorised this Issue by their special resolution passed pursuant to Section 81(1A) of the Companies Act, at its AGM held on July 31, 2009 and authorised the Board to take decisions in relation to this Issue.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for this Issue. For further details, see the section titled "Government and Other Approvals" on page 149.

Prohibition by SEBI

Our Company, our Directors, our Subsidiary, our Promoters, our Promoter Group, Group Companies and the companies with which our Directors are associated as directors or promoters (other than as disclosed in this Red Herring Prospectus) have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Association of Directors with the securities market

None of our Directors are associated with securities markets in any manner, nor has SEBI initiated against them.

Prohibition by RBI

Our Company, our Directors, our Subsidiary, our Promoters, Promoter Group, Group Companies and the companies with which our Directors are associated as directors or promoters (other than as disclosed in this Red Herring Prospectus), relatives (as per Companies Act) of Promoters have not been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

Compliance with accounting norms

Our Company confirms and undertakes that it shall comply with such disclosures and accounting norms specified by SEBI from time to time.

Eligibility for this Issue

Our Company is eligible for the Issue in accordance with Sub-Regulation (1) of Regulation 26 of the ICDR Regulations as stated below:

"An issuer may make an initial public offer, if:

a. it has net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than fifty per cent are held in monetary assets.

Provided that if more than fifty percent of the net tangible assets are held in monetary assets, the issuer has made firm commitments to utilize such excess monetary assets in its business or project.

b. it has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three out of the immediately preceding five years.

Provided that extraordinary items shall not be considered for calculating distributable profits.

c. *it has a net worth of at least one crore rupees in each of the preceding three full years (of twelve months each).*

d. *the aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the preceding financial year.*

e. *if it has changed its name within the last one year, at least fifty per cent. of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name."*

We are an unlisted Company complying with the conditions specified in Regulation 26 (1) of the ICDR Regulations as follows:

- Our Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Our Company has had a pre-issue net worth of not less than Rs. 1 crore in each of the three preceding full years;
- Our Company has had a track record of distributable profits as per Section 205 of the Companies Act for at least three out of the immediately preceding five years;
- Our Company has not changed its name in the last one year; and
- Our proposed issue size would not exceed five times the pre-issue net worth as per the audited accounts for the year ended March 31, 2009.

The net tangible assets, monetary assets, distributable profits and networth of the Company for the last five years as per the Company's restated stand alone financial statements are as under:

(*Rs. in lakhs*)

	April- Dec 2009	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Net tangible assets(1)	10,219.37	7,008.98	4.290.10	3.065.32	2,792.10	2,746.63
Monetary assets(2)	372.60	763.18	184.86	131.10	113.90	34.15
Monetary assets as a % of Net tangible assets	3.65%	10.89%	4.31%	4.28%	4.08%	1.24%
Distributable profits (3)	3,328.19	2,740.12	1,240.23	269.31	46.18	34.15
Net worth(3)	10,240.89	7,033.22	4.307.03	3,080.73	2,811.42	2,765.25

(1) Net tangible assets are defined as the sum of fixed assets (including capital work in progress and capital advances and excluding intangible assets and revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (including working capital loans), and short term liabilities.

(2) Monetary assets include cash on hand, bank balances and investments in mutual funds.

(3) Distributable profits for the year have been defined in terms of section 205 of the Companies Act

(4) Net worth has been defined as aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

Further in accordance with Regulation 26 (4) of the ICDR Regulations, the Company shall ensure that the number of prospective allotees to whom the Equity Shares will be allotted will be not less than 1,000.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE

OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH ICDR REGULATIONS IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, SBI CAPITAL MARKETS LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 25, 2009 IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID, EXCEPT FOR HDFC BANK, BANKER TO THE ISSUE, ESCROW COLLECTION BANK AND REFUND BANK, STATE BANK OF INDIA, PUNJAB NATIONAL BANK AND HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, ESCROW COLLECTION BANKS, WHICH EXPIRED ON JANUARY 31, 2010, NOVEMBER 30, 2009, NOVEMBER 30, 2009 AND NOVEMBER 30, 2009**

RESPECTIVELY. THE APPLICATION FOR RENEWAL OF REGISTRATION HAS BEEN MADE BY HDFC BANK, STATE BANK OF INDIA, PUNJAB NATIONAL BANK AND HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED ON OCTOBER 30, 2009, AUGUST 28, 2009, AUGUST 26, 2009 AND AUGUST 28, 2009, RESPECTIVELY.

4. **WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITER TO FULFILL THEIR UNDERWRITING COMMITMENTS.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE ICDR REGULATIONS, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS .**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32(C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE. THIS BEING AN ISSUE EXCEEDING RS. 10 CRORES, THE ISSUE OF SECURITIES SHALL BE IN DEMATERIALISED FORM ONLY AS PER SECTION 68B OF COMPANIES ACT.**

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE ICDR REGULATIONS 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE ICDR REGULATIONSWHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE , ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS ICDR REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS RED HERRING PROSPECTUS.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from the Company and the Book Running Lead Manager

Our Company and the Book Running Lead Manager accept no responsibility for statements made otherwise than those contained in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.gdjl.co.in, or the website of any of the Promoters or member of the Promoter Group, or the Subsidiary or of any affiliate or associate of our Company or its subsidiaries, would be doing so at his or her own risk.

Caution

The Book Running Lead Manager accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the Book Running Lead Manager and our Company on

September 17, 2009 and the Underwriting Agreement to be entered into between the Underwriter and our Company.

All information shall be made available by our Company and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in section 4A of the Companies Act, scheduled commercial bank, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 lakhs, pension fund with minimum corpus of Rs. 2,500 lakhs, national investment fund, insurance funds set up and managed by army, navy or air force of Union of India and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to hold the Equity Shares.

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Jaipur, Rajasthan, India only.

No action has been, or will be taken, to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with the SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated November 12, 2009, permission to the Company to use BSE's name in the offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus, for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or

- warrant that the Company's securities will be listed or will continue to be listed on BSE; or

- take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter ref: NSE/LIST/125070/-B dated December 4, 2009 permission to the Company to use the Exchange's name in the Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of the Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Red Herring Prospectus will be filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC at the office of the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC situated at Jaipur.

Listing

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange with which the 'Basis of Allocation' will be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven Working Days of finalization of the 'Basis of Allocation'.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

*shall be punishable with imprisonment for a term which may extend to five years.***"**

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors and the Bankers to the Company; (b) the Book Running Lead Manager, the Syndicate Members, the Escrow Collection Banks, the SCSBs, the Bankers to the Issue, bankers to the Company, lenders to the Company, legal counsel to the Issue, the IPO Grading Agency and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the ICDR Regulations, M/s. B. Khosla & Co. and M/s. Haribhakti & Co. the Chartered Accountants of our Company have agreed to provide their written consent to the inclusion of their name and report dated September 17, 2009 on financial statements and report relating to the possible general and special tax benefits, as applicable, accruing to our Company and its shareholders, included in this Red Herring Prospectus in the form and context in which they appear in this Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

ICRA Limited, has been engaged by us for the purpose of obtaining IPO Grading in respect of this Issue, has given its written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange and RoC.

Expert opinion

Other than as stated above, the Company has not obtained any expert opinions.

Issue related expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, SCSBs' commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by our Company.

The estimated Issue expenses are as under:

Activity	Expenses (Rs. in lakhs)*	As a % of Issue size	As a % of Total Issue Expenses
Lead management fee, underwriting and selling commissions and SCSBs' commission	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
IPO grading expenses	[●]	[●]	[●]
Others (Fees to the Registrar to the Issue, legal fees, listing fee, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(*) Will be completed after finalization of the Issue Price.

Fees, brokerage and selling commission payable to the Book Running Lead Manager and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letter dated July 2, 2009, between our Company and the Book Running Lead Manager, a copy of which will be made available for inspection at our registered office.

Fees payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue, for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the memorandum of understanding between our Company and the Registrar to the Issue dated September 9, 2009.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

IPO grading

This Issue has been graded by ICRA Limited and has been assigned the grade of "2" indicating below average fundamentals, through its letter dated March 6, 2010, which is valid for a period of 2 months from the date of issue of the letter. The IPO grading is assigned on a five point scale from 1 to 5 wherein an "IPO Grade 5" indicates strong fundamentals and an "IPO Grade 1" indicates poor fundamentals. A copy of the report provided by ICRA Limited, will be made available for inspection at our registered office.

Disclaimer of IPO Grading Agency

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial Statements of the company and ICRA shaft not be table for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment, banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis without representations and warranties of any nature.

Particulars regarding public or rights issues during the last five years

Our Company has not made any previous public issues (including any rights issues to the public) in the five years preceding the date of this Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 27, our Company has not issued any shares for consideration other than cash.

Particulars regarding to capital issue by our Company and other listed Group Companies/ Subsidiary/ associates in the last three years

Our Company, Group Companies, Subsidiary has not made any previous public issues (including any rights issues to the public) in the five years preceding the date of this Red Herring Prospectus.

Underwriting commission, brokerage and selling commission on previous issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Companies under the same management

There are no companies under the same management within the meaning of former section 370 (1B) of the Companies Act, other than the companies disclosed under the section titled "Our Promoters and Group Companies" on page 100, respectively. No company under the same management as our Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Performance vs. objects for public/rights issue in the last ten years by our Company

Our Company has not made any public issue.

Performance vs. objects– last three issues by our Company

Our Company has not made any public issue.

Performance vs. objects – last one issue by Group Companies/Subsidiary/associate companies

None of our Group Companies, Subsidiary or associate companies have made a public issue.

Outstanding debentures or bond issues or preference shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Red Herring Prospectus.

Stock market data of the Equity Shares

This being an initial public issue of our Company, the Equity Shares are not listed on any stock exchanges.

Mechanism for redressal of investor grievances

The memorandum of understanding between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch.

Disposal of investor grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Ms. Hemangi Shailesh Patil as the Company Secretary and Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Address: Premises No. 1305
13th Floor, Panchratna Building
Mama Parmanand Marg, Opera House
Mumbai- 400004, India
Telephone: + 91 22 23891678
Facsimile: + 91 22 23676020
Email:cs@goenkadiamonds.com;
Website: www.gdjl.co.in

Disposal of investor grievances by listed companies under the same management as the Company

No company under the same management as our Company within the meaning of Section 370(1B) of the Companies Act has made any public issue (including any rights issues to the public) during the last three years.

Change in Auditors

M/s. Haribhakti & Co. has been appointed as joint auditor for Fiscal 2009 pursuant to resolution passed by the shareholders at the annual general meeting held on July 31, 2009.

Capitalisation of reserves or profits

Our Company has undertaken capitalisation of its reserves during the last five years as referred in section titled "Capital Structure" on page 26.

Revaluation of assets

Our Company has not revalued its assets since its incorporation.

Purchase of property

Other than as disclosed in the sections titled "Our Business" and "Objects of the Issue" on pages 36 and 76, respectively, there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the Net Proceeds or the purchase or acquisition of which would not have been completed on the date of the Red Herring Prospectus, other than property in respect of which:

(a) the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of this Issue nor is this Issue contemplated in consequence of the contracts; or

(b) the amount of the purchase money is not material.

The Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made there under.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Form, the Revision Form, the CAN, the listing agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RoC, the FIPB, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

Our Board of Directors has, pursuant to resolution dated June 22, 2009 and September 6, 2009, authorised the Issue subject to the approval by the shareholders of our Company under section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of our Company have, pursuant to a resolution dated July 31, 2009 under section 81(1A) of the Companies Act at the annual general meeting, authorised the Issue.

The IPO Committee of our Board of Directors has, pursuant to a resolution dated March 13, 2010 approved this Red Herring Prospectus.

Our Company has obtained in-principle listing approvals dated November 12, 2009 and December 4, 2009 from the BSE and the NSE, respectively.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled "Main Provisions of the Articles of Association" on page 251.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;

- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association" on page 218.

Market Lot and Trading Lot

Under section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. As per the ICDR Regulations, the trading of the Equity Shares shall be in dematerialised form only. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be in electronic form in multiples of one Equity Share, subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Jaipur, Rajasthan, India.

Nomination Facility to Investor

In accordance with section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted shall vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same benefits such person would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available on request at the Registered Office or with the Registrar and transfer agents of our Company.

In accordance with section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Bid/Issue Program

BID/ISSUE OPENS ON	**MARCH 23, 2010**
BID/ISSUE CLOSES ON	**MARCH 26, 2010**

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of Issue including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per section 73 of the Companies Act.

Further, in accordance with Regulation 26 (4) of the ICDR Regulations, our Company shall ensure that the number of prospective Allottees, to whom the Equity Shares will be Allotted will not be less than 1,000.

Our Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act).

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application by Eligible NRIs, FIIs, sub-accounts, and FVCIs

It is to be distinctly understood that there is no reservation for NRIs and FIIs, sub-accounts, or FVCIs.

Arrangement for disposal of odd lots

There are no arrangements for disposal of odd lots.

New financial instruments

There are no new financial instruments such as deep discounted bonds, debentures, warants, secured premium notes etc. issued by our Company.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of Equity Share and on their consolidation/ splitting except as provided in our Articles. See the section titled "Main Provisions of the Articles of Association" on page 246 and 250.

Option to receive securities in Dematerialised Form

Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with ICDR Regulations. Provided however, if the Company withdraws the Issue after Bid/Issue Closing Date, we will give reasons thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges where the specified securities were proposed to be listed. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

ISSUE STRUCTURE

The present Issue of 1,00,00,000 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] lakhs, is made through Book Building Process. This Issue will constitute 30.93 % of the fully diluted post-Issue paid-up equity share capital of our Company.

	QIB Bidders	Non-Institutional Bidders (including ASBA Bidders)	Retail Individual Bidders (including ASBA Bidders)
Number of Equity Shares*	Up to 50,00,000 Equity Shares or the Issue, less allocation to Non-Institutional Bidders and Retail Individual Bidders, including ASBA Bidders.	At least 15,00,000 Equity Shares or the Issue, less allocation to QIB Bidders and Retail Individual Bidders (including ASBA Bidders).	At least 35,00,000 Equity Shares or the Issue, less allocation to QIB Bidders and Non-Institutional Bidders (including ASBA Bidders).
Percentage of Issue size available for Allotment/ allocation	Up to 50% of the Issue shall be allotted to QIB Bidders. However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIB Bidders.	At least 15% of the Issue or the Issue, less allocation to QIB Bidders and Retail Individual Bidders (including ASBA Bidders) shall be available for allocation Bidders.	At least 35% of the Issue or the Issue, less allocation to QIB Bidders and Non-Institutional Bidders (including ASBA Bidders) shall be available for allocation.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) 2,50,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 47,50,000 Equity Shares shall be allocated on a proportionate basis to all QIB Bidders including Mutual Funds receiving allocation as per (a) above.	Proportionate.	Proportionate.
Minimum Bid	Such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of this Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid/Allotment Lot	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.	[●] Equity Shares in multiples of [●] Equity Shares.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Public financial institutions as specified in section 4A of the Companies Act, scheduled commercial bank, mutual fund	Eligible NRIs, Resident Indian individuals, HUF (in the name of the	Resident Indian individuals (including ASBA Bidders and HUFs

	QIB Bidders	Non-Institutional Bidders (including ASBA Bidders)	Retail Individual Bidders (including ASBA Bidders)
	registered with SEBI, FIIs and sub-account registered with SEBI other than a sub account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 2,500 lakhs, pension fund with minimum corpus of Rs. 2,500 lakhs, and national investment fund and insurance funds set up and managed by army, navy or air force of Union of India .	*Karta*), companies, corporate bodies, scientific institutions, societies and trusts, including ASBA Bidders.	in the name of the *Karta*) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to the QIBs shall be payable at the time of submission of Bid cum Application Form to the member of the Syndicate Members.	Margin Amount applicable to the Non-Institutional Bidders shall be payable at the time of submission of Bid cum Application Form to the member of the Syndicate Members. In case of ASBA Bidders, the relevant SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.	Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the member of the Syndicate Members. In case of ASBA Bidders, the relevant SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.
Margin Amount	At least 10% of Bid Amount.	Full Bid Amount on bidding.	Full Bid Amount on bidding.

* *Subject to valid Bids being received at or above the Issue Price. This Issue is being made through the 100% Book Building Process, wherein up to 50% of the Issue shall be allocated on a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIB Bidders including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price.*

Under subscription, if any, in any category would be met with spill over to other categories at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares (QIB Portion is up to 50% of the Issue size, i.e. [●] Equity Shares), the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

** *In case the Bid cum Application Form or ASBA Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form or ASBA Form, as the case may be.*

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with ICDR Regulations. Provided however, if the Company withdraws the Issue after Bid/Issue Closing Date, we will give reasons thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges where the specified securities were proposed to be listed.

Letters of Allotment or Refund orders or instructions to SCSBs in case of ASBA Bidders

Our Company shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within two Working Days from the date of the Allotment to all successful Allottees, including ASBA Bidders, which in any event shall not exceed 15 days of the Bid/Issue Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the ECS as notified by the RBI, are eligible to receive refunds or payment through electronic transfer through electronic transfer funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 15 days of the Bid/Issue Closing Date "Under Certificate of Posting" for refund orders less than or equal to Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within 15 days of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of allotment letters/ refund orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and ICDR Regulations, our Company undertakes as follows:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 15 days from the Bid/Issue Closing Date and that instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within 15 days of the Bid/Issue Closing Date; and
- Interest shall be paid by our Company at 15% p.a. if the Allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where refund or portion thereof is made through electronic transfer of funds or in case of Bids made through ASBA. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENS ON	**MARCH 23, 2010**
BID/ISSUE CLOSES ON	**MARCH 26, 2010**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs; **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000 which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Manager to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings in India, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Forms as stated herein and reported by the Book Running Lead Manager to the Stock Exchange within half an hour of such closure.

Our Company in consultation with Book Running Lead Manager, reserve the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price should not be more than 20% of the Floor Price. Subject to compliance with the above mentioned condition, the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus advertised at least one day before the Bid/Issue Opening Date. In the event of any revision in the Price band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of the Rs. 5,000 to Rs. 7,000.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Working Days after such revision, subject to the Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period/Issue Period, if applicable, shall be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Offer shall be available for allocation on a proportionate basis to QIB Bidders, including up to 5% of the QIB Portion which shall be available for allocation to the Mutual Funds only. Further, at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received from them at or above the Issue Price. Retail Individual Bidders and Non Institutional Bidders, may participate in this Issue through ASBA by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by Self Certified Syndicate Banks.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured only through the BRLM or their affiliates. In the case of QIB Bidders, our Company, in consultation with the BRLM, may reject Bids at the time of acceptance of the Bid cum Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In the cases of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment to all successful Bidders will only be in dematerialised form. Bidders will not have the option of receiving Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs and their sub-accounts, FVCIs, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis	Blue

The physical ASBA shall be white in colour.

In accordance with the ICDR Regulations, only a Retail Individual Bidder and a Non-Institutional Bidder can participate in the Issue through ASBA.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are not minors in single or joint names (not more than three);
3. Hindu Undivided Families in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or

first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;
5. FIIs and their sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
6. State industrial development corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;
8. NIF;
9. Provident Funds with a minimum corpus of Rs. 2,500 lakhs and who are authorised under their constitution to invest in equity shares;
10. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in equity shares;
11. Insurance funds set-up and managed by army, navy or air force of the Union of India;
12 Companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in equity shares;
13. venture capital funds registered with SEBI;
14. foreign venture capital funds;
15. Mutual Funds registered with SEBI;
16. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the ICDR Regulations and regulations, as applicable);
17. Multilateral and bilateral development financial institutions;
18. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in equity shares; and
19. Scientific and/or industrial research organisations in India authorised to invest in equity shares.

As per the existing regulations, OCBs and sub-accounts of FIIs which are foreign corporates or foreign individuals cannot Bid in the Issue. For further details, please see section titled 'Terms of the Issue' on page 168.

Participation by Associates/Affiliates of the BRLM and Syndicate Members

Associates/affiliates of BRLM and Syndicate Members may Bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates/affiliates of BRLM and Syndicate Members shall be on a proportionate basis.

However, the BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

In the case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the Registered Office and with members of the Syndicate.

Eligible NRI Bidders should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the NRO Account shall use the Bid cum Application form meant for Resident Indians (white form).

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital As of now, the aggregate FII holding in our Company cannot exceed 24% of our total issued capital. The said 24% limit can be increased up to 100% by passing a resolution by the Board followed by passing a special resolution to that effect by the shareholders of our Company. Our Company has not obtained board or shareholders approval to increase the FII limit to more than 24%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investor) Regulations, 1995, an FII or its sub-account may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriters, including the BRLM, that are FIIs or its sub-account may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996, as amended and the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. For example, the holding by any individual VCF should not exceed 25% of the corpus of the VCF in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

Pursuant to the ICDR Regulations, the shareholding of SEBI-registered VCF and FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, and the BRLM are not liable to inform the investors of any amendments or modifications or changes in

applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. Where the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders where the Bid Amount does not exceed Rs. 100,000 indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. It is clarified that under existing ICDR Regulations, a Retail Individual Investors can only Bid at Cut-Off Price.

b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them under applicable laws. **Under the ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay the QIB Margin Amount upon submission of the Bid.**

   In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Refund amounts following a permitted withdrawal or rejection of a Bid shall be paid in the manner described under paragraph "Payment of Refund" on page 200.

Information for the Bidder:

1. Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. Our Company and the BRLM will declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two national newspapers (one each in English and Hindi) each with wide circulation.

3. The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors along with copies of the Red Herring Prospectus.

4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

5. Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLM, Syndicate Members or their authorised agent(s), as applicable to register their Bids. ASBA Bidders should approach the SCSBs to register their Bids.

6. The Bids should only be submitted on the prescribed Bid cum Application Form. Bid cum Application Forms should bear the stamp of the member of the Syndicate. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

7. In case the Price Band is revised, the Bidding/Issue period shall be extended, by an additional three days, subject to the total Bidding/Issue period not exceeding 10 Business Days. The revised Price Band and Bidding/Issue period, if applicable, will be widely disseminated by notification to the Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) with wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

8. Our Company in consultation with the BRLM, shall finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with the RoC and also publish the same in two circulated national newspapers (one each in English and Hindi) each with wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of section 66 of the Companies Act, shall contain the disclosure requirements as specified under Schedule XIII of the ICDR Regulations. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bidding/Issue period in accordance with the terms of the Syndicate Agreement.

2. The Bidding/Issue period shall be for a minimum of three Business Days and shall not exceed seven Business Days. In case the Price Band is revised, the revised Price Band and Bidding/Issue period shall be published in two national newspapers (one each in English and Hindi) each with wide circulation and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate. The Bidding/Issue period shall be extended by an additional three Business Days, subject to the total Bidding/Issue period not exceeding 10 Business Days.

3. During the Bid/Issue Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

4. Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate or a SCSB, respectively. Submission of an additional Bid cum Application Form to either the same or to another member of the Syndicate or ASBA Form to any SCSB will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 209.

6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**") for each price and demand option

and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

7. During the Bidding/Issue period, Bidders may approach the members of the Syndicate to submit their Bids. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

8. Along with the Bid cum Application Form, as applicable, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Accounts" on page 189.

Bids and Revisions of Bids for all Bidders

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid cum Application Form or Revision Form, as applicable (white, or blue).

2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

4. Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

2. The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate and SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres as well as on the NSE's website at www.nseindia.com and on the BSE's website at www.bseindia.com. A

graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding/Issue period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the Bidder(s). Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form;

- Investor category—Individual, Corporate, QIBs, Eligible NRI, FVCI, FII or Mutual Fund, etc.;

- Numbers of Equity Shares Bid for;

- Bid price;

- Bid cum Application Form number;

- Whether Margin Amount, as applicable, has been paid-upon submission of Bid cum Application Form; and

- Depository Participant identification number and client identification number of the demat account of the Bidder.

5. A system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate or SCSBs as applicable. The registration of the Bid by the member of the Syndicate or SCSB does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate, SCSBs or our Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. In the case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in this Red Herring Prospectus.

8. The permission given by the NSE and the BSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoters, the management or any scheme or project of our Company.

9. It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

10. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate or SCSBs shall be electronically transmitted to the NSE or BSE mainframe on a regular basis.

2. The book gets built up at various price levels. This information will be available from the BRLM on a regular basis.

3. During the Bidding/Issue period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

5. The Bidder can make this revision any number of times during the Bidding/Issue period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.

6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.

9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the BRLM and the Designated Stock Exchange, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Revision of Bids in case of Revision of Price Band

1. The Bidder can Bid at any price within the Price Band in multiples of Rs. [●]. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs. 100,000 may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and such Bids from QIB Bidders and Non-Institutional Bidders shall be rejected.

2. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Accounts. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-Off Price, such Bidder shall receive the refund of the excess amounts from the Escrow Accounts in the manner described under the paragraph "Payment of Refund" on page 200.

3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. In case of Retail Individual Bidders who do not revise the Bid or make additional payment, where the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from such Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

4. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Accounts. In case of downward revision in the Price Band, the number of Equity Shares Bid for shall be adjusted upwards to the higher Bid lot for the purpose of Allotment.

5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size and the Bid lot shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

6. During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

8. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

9. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

11. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

GENERAL INSTRUCTIONS

DOs:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you Bid within the Price Band;

(c) Read all the instructions carefully and complete the Bid cum Application Form;

(d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialised form only;

(e) Ensure that you have collected a TRS for all your Bid options;

(f) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(h) Each of the Bidders, should mention their PAN allotted under the IT Act;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form; and

(j) Ensure that the demographic details (as defined herein below) are updated, true and correct in all respects.

DON'Ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid or revise Bid to a price that is less than the Floor Price or higher than the Cap Price;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Amount in cash, postal order, or by stock invest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate;

(f) Do not fill up the Bid cum Application Form at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 100,000);

(g) Do not Bid for Equity Shares exceeding the Issue size and/or the investment limit or the maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;

(h) Do not Bid at Bid Amount exceeding Rs. 100,000 for in case of a Bid by a Retail Individual Bidder;

(i) Do not submit the Bid without the QIB Margin Amount, in the case of a Bid by a QIB; and

(j) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid Cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, PAN, occupation, MICR Code and bank account details (hereinafter referred to as "Demographic Details") for printing on refund orders or giving credit through ECS, RTGS or Direct Credit. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders' sole risk and neither the BRLM, our Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID CUM APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid cum Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder will be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure re-dispatch of refund orders. Please note that any such delay shall be at the Bidder's sole risk and neither our Company, Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars or the MICR code obtained from the Depository Participant are incorrect or incomplete.**

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidder's (including the order of names of joint holders), the Depository Participant's identity and the beneficiary's identity, then such Bids are liable to be rejected.

Bids by Non-Residents, including Eligible NRIs, FIIs and FVCIs on repatriation basis

Bids and revision to the Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other Non-Resident Bidders must Bid for a minimum of such number of Equity Shares and in multiples of [•] that the Bid Amount exceeds Rs. 100,000. For further details, see the section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 179.

4. In the names of individuals, or in the names of FIIs, FVCIs, etc but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, at the rate of exchange prevailing at the time of remittance, net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which are received from the Depositories as part of the demographic details of the First Bidder/ sole Bidder. Our Company and will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non-Residents, including Eligible NRIs, FIIs and FVCIs and all Non-Residents will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the GoI, OCBs cannot participate in this Issue. Further, NRIs, who are not Eligible NRIs and sub-accounts of FIIs which are foreign corporates or foreign individuals, are not permitted to participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital.

With the approval of the board of directors and the shareholders by way of a special resolution, the aggregate FII holding limit may be increased to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15(A)(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form as applicable. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

In case of the Bids made pursuant to a power of attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid in whole or in part without assigning reasons thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company/the BRLM may deem fit without assigning reasons thereof.

Bids made by Insurance Companies

In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part without assigning reasons thereof.

Bids made by Provident Funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs. 2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks for collection of application money. The Bidders shall draw the cheque or demand draft in respect of his or her Bid and/or revision of the Bid in favour of the payee detailed under the section titled "Payment into Escrow Accounts" on page 189. Cheques or demand drafts received for the full Bid Amount from Bidders in a particular category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between Our Company, the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

1. Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 172. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Accounts within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

2. Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

3. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Accounts and submit the same to the members of the Syndicate.

4. Where the above Margin Amount paid by the Bidders during the Bidding/Issue period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Accounts within the period specified in the CAN.

5. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for applicable margin amount for the Bid Amount in favour of the Escrow Accounts and submit the

same to the members of the Syndicate. The payment instruments for payment into the Escrow Accounts should be drawn in favour of:

(a) In the case of Resident QIB Bidders: "Escrow Account— GDJL—Public Issue—QIB-R".

(b) In the case of Non-Resident QIB Bidders: "Escrow Account— GDJL—Public Issue—QIB-NR".

(c) In the case of Resident Retail and Non-Institutional Bidders: "Escrow Account— GDJL—Public Issue—R".

(d) In the case of Non-Resident Retail and Non-Institutional Bidders: "Escrow Account— GDJL—Public Issue—NR".

6. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non Resident External ("**NRE**") Accounts or Foreign Currency Non Resident ("**FCNR**") Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary ("**NRO**") Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

7. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.

8. In case of Bids by FIIs and FVCIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.

9. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on Bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

10. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

11. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account.

12. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

13. **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation** cheques/**bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.**

14. Bidders are advised to mention the number of application form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

15. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No.FSCBC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. The PAN of the first/sole Bidder as furnished in the Bid cum Application Form or as recorded with the Depositories shall be the criteria to identify multiple Bids.

a) All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.

b) Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

c) Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Our Company, in consultation with the BRLM, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number **("PAN")** to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Right to reject Bids by our Company

In case of QIB Bidders, our Company, in consultation with the BRLM, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid is less than the amount payable for the highest value of Equity Shares Bid for;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. PAN not stated, or GIR number furnished instead of PAN in the Bid cum Application Form;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than the lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
9. Bids for a number of Equity Shares, which are not in multiples of [●];
10. Category not ticked;
11. Multiple Bids;
12. In the case of a Bid under power of attorney or by limited companies, corporate, trusts etc., relevant documents are not submitted;
13. Bids accompanied by money order/postal order/cash;
14. Signature of sole and/or joint Bidders missing;
15. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
16. Bid cum Application Form does not have the Bidder's depository account details;

17. Bid is not registered within the time prescribed and as per the instructions in the Bid cum Application Form;

18. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;

19. Bids for Equity Shares exceeding the Issue size or breaching the investment limits prescribed under the applicable laws;

20. Bids by QIBs not submitted through members of the Syndicate;

21. Bids by OCBs;

22. Bids not duly signed by the sole/joint Bidders;

23. Bids by U.S. residents excluding "Qualified Institutional Buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act;

24. Bids by persons who are not eligible to acquire Equity Shares under any applicable law, rule, regulation, guideline or approval, inside India or outside India;

25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

26. Bids by any person outside India if not in compliance with applicable foreign and Indian Law;

27. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

28. Bids or revision thereof by QIB Bidders and Non – Institutional Bidders where the Bid amount is in excess of Rs. 100,000, uploaded after 3.00 p.m or any such time as prescribed by Stock Exchange on the Bid/Issue closing Date;

29. Bids which do not comply with securities laws at their specific jurisdictions.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***

(b) ***otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,***

shall be punishable with imprisonment for a term which may extend to five years".

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss the pricing strategy with our Company.

2. Our Company, in consultation with the BRLM, shall finalise the Issue Price.

3. The allocation under the Issue shall be on proportionate basis, in the manner specified in the ICDR Regulations and this Red Herring Prospectus and in consultation with Designated Stock Exchange.

4. Under-subscription, if any, in any category of the Issue, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

5. The BRLM shall notify the other members of the Syndicate of the Issue Price once the same is finalized. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

6. Allotment to Eligible NRIs, FIIs, sub-accounts, or Mutual Funds or FVCIs will be subject to applicable laws, rules, regulations, guidelines and approvals.

7. Our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof.

8. In terms of the ICDR Regulations, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

9. The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

10. Our Company, in consultation with the BRLM, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the BRLM and the Syndicate Members may enter into an Underwriting Agreement upon finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, our Company will update and file the Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall, publish an advertisement, in the form prescribed by the ICDR Regulations, in two circulated national newspapers (one each in English and Hindi) each with wide publication.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that our Company shall ensure that demat credit of Equity Shares to all investors in this Issue is completed within two Business Days from the date of Allotment.

(b) The BRLM, the members of the Syndicate or the Registrar to the Issue, as the case may be, will then send a CAN to Bidders who have been allocated Equity Shares in the Issue.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Accounts at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Accounts.

(d) In case of QIB Bidders, the dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Bid Amount in full into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Date specified in the CAN. The issuance of a CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below.

(e) The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject *inter alia* to the approval of the basis of Allotment by the Designated Stock Exchange. Subject to the ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt/availability of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, one or more revised CAN(s) may be sent to QIBs and the allocation of Equity Shares in such revised CAN(s) may be different from that specified in the earlier CAN(s). QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN(s), for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment

(a) Our Company will ensure that the Allotment is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund

Account, our Company will ensure the credit to the successful Bidder(s) depository account. Allotment of the Equity Shares to the successful Bidders shall be within 15 days from the Bid/Issue Closing Date.

(b) As per Section 68B of the Companies Act, Allotment of the Equity Shares will be only in dematerialised form to the allottees.

(c) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

(d) Successful Bidders will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the valid Bids in this portion are less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [●] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

C. For QIB Bidders

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) If Bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter up to 5% of the QIB Portion.

(ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (b) below.

(b) In the second instance allocation to all Bidders shall be determined as follows:

(i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be Allotted Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter for up to 95% of the QIB Portion.

(ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis of not less than [●] Equity Shares and in multiples of one Equity Share thereafter along with other QIB Bidders.

(iii) Under-subscription below 5% of the Mutual Fund Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLM, the Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the ICDR Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Procedure and Time of Schedule for Allotment and demat Credit of Equity Shares

The Issue will be conducted through a "100% Book Building Process" pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding/Issue period. The Bidding/Issue period will commence on March 23, 2010 and expire on March 26, 2010. Following the expiration of the Bidding/Issue period, our Company in consultation with the BRLM, will determine the Issue Price. Our Company in consultation with the BRLM will determine the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the Designated Stock Exchange. Successful bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The ICDR Regulations require our Company to complete the Allotment to successful bidders within 15 calendar days of the expiration of the Bidding/Issue period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant Depository Participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of proportionate Basis of Allotment

In the event the Issue is oversubscribed, the Allotment shall be as per the basis of allocation approved by the Designated Stock Exchange. The executive director or managing director of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

(a) Bidders will be categorised according to the number of Equity Shares applied for by them.

(b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

(c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

(d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

(e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and

- The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (up to 50% of the Issue)	100 million Equity Shares
	Of which:	

	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sl.No	Type of QIB bidders#	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	TOTAL	**500**

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

7. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	25.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1 The illustration presumes compliance with the requirements specified in the Red Herring

Prospectus in the section titled "Issue Structure" on page 172.

2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.

3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   a. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95/495
   b. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
   c. The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

PAYMENT OF REFUND

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders, as the case may be, at the Bidder's sole risk and neither our Company, the Syndicate Members, the Escrow Collection Banks, the BRLM nor the Registrar to the Issue shall have any responsibility and undertake any liability for the same.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centres.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by our Company.

4. RTGS—Where the refund amount exceeds Rs. 1.0 million, the same shall be remitted through RTGS provided the Bidder has given details of the IFSC, type of account and account number of the branch where the account is maintained, in the Bid cum Application Form in the space provided for the same. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banker(s) which shall be payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 68 centres where clearing houses are managed by the RBI and other banks, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. The Company shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/ Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/ Issue. The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on refund of excess Bid Amount

Our Company shall pay interest at the rate of 15% p.a. on the excess Bid Amount received if refund orders are not dispatched or if instructions to SCSBs are not issued for unblocking ASBA Accounts within 15 days of the Bid/Issue Closing Date for any delay beyond such 15 day time period.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository

Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use their best efforts to ensure that all steps for completion of the necessary formalities for Allotment and trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven Business Days of the finalisation of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Company further undertakes that:

- Allotment and transfer only in dematerialised form shall be made within 15 days of the Bid/Issue Closing Date;

- Dispatch refund orders, except for Bidders who are eligible to receive refunds through the ECS facility, shall be made within 15 days of the Bid/Issue Closing Date;

- Instructions to SCSBs for unblocking ASBA Accounts shall be issued within 15 days of the Bid/Issue Closing Date; and

- They shall pay interest at 15% p.a. for any delay beyond the 15 day time period as mentioned above, if Allotment is not made or, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the Refund Banker(s) in the disclosed manner, and/or demat credits are not made to investors within the 15 day time period prescribed above or if instructions to SCSBs for unblocking ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except for refunds effected through the electronic mode, i.e., ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a Refund Banker which shall be payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily;

- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed within seven Business Days of finalisation of the basis of Allotment;

- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that the certificates of the securities or refund orders to the Non-Resident Bidders shall be dispatched within the specified time;

- no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and

- that adequate arrangements shall be made to collect all ASBA Forms and all ASBA shall be considered similar to other applications while finalizing the basis of Allotment.

Utilisation of Issue proceeds

The Board of Directors undertakes that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in section 73(3) of the Companies Act;

- details of all monies utilised out of the issue referred to in subitem (i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised;

- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and

- our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from the Stock Exchanges have been obtained.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue in accordance with ICDR Regulations. Provided, however, if the Company withdraws the Issue after Bid/Issue Closing Date, we will give reasons thereof within two days of the Bid/Issue Closing Date by way of a public notice in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges where the specified securities were proposed to be listed. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it shall proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Equity Shares in Dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialised form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated September 8, 2009 among NSDL, our Company and the Registrar to the Issue; and

(b) an agreement dated December 24, 2009 among CDSL, our Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid cum Application Form and Revision Form.

3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

4. Names in the Bid cum Application Form, Bid Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.

5. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details' in the Bid cum Application Form or Bid Revision Form, it is liable to be rejected.

6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or vis-à-vis those recorded with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form number or ASBA number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate or SCSB where the Bid was submitted and cheque or draft number and issuing bank thereof.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is only to facilitate better understanding of aspects of the procedure for bidding which is specific to ASBA Bidders. ASBA Bidders should nonetheless read this document in entirety

Our Company and the BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSBs for the ASBA are provided at http://www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above mentioned SEBI link.

ASBA Process

A Retail Individual Bidder or a Non-Institutional Bidder can submit his bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder is maintained. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the ASBA Bid. The ASBA Bid data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the basis of Allotment and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Who can Bid?

In order to be eligible to apply under the ASBA, an ASBA Bidder has to satisfy the following conditions:

a. The ASBA Bidder should be a Retail Individual Bidder or a Non-Institutional Bidder;

b. The ASBA Bid should be made through the blocking of funds in a bank account with the SCSBs;

ASBA Form

An ASBA Bidder shall use the ASBA Form obtained from the Designated Branches for the purpose of making an ASBA Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their bids under the Issue, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Form at the Designated Branch. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Bids. For further information on how to complete ASBA Forms, see the section titled "Instructions for Completing the ASBA Form" on page 213.

- The ASBA Bidders can submit the bid option in the ASBA Form. After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidders will be considered for allocation along with the other Retail Individual Bidders or Non-Institutional Bidders who have Bid for the Equity Shares at or above the Issue Price or at the Cut-off Price, as the case may be.

- In the ASBA Form, the ASBA Bidder shall, *inter alia,* give the following confirmations/declarations:

  a. That he/she is an ASBA Bidder as per the ICDR Regulations;

  b. That he/she has authorized the SCSBs to do all acts as are necessary to make an application in the Issue, upload his/her Bid, block or unblock the funds in the ASBA Account and transfer the funds from the ASBA Account to the Public Issue Account after finalization of the basis of Allotment entitling the ASBA Bidder to receive Equity Shares in the Issue etc.; and

c. That he/she has authorized the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the ASBA Account upon finalization of the basis of Allotment and to transfer the requisite money to the Public Issue Account.

- An ASBA Bidder cannot bid under the Issue, either in physical or electronic mode, on another ASBA Form or Bid cum Application Form after bidding on one ASBA Form either in physical or electronic mode. Submission of a second ASBA Form to either the same or another Designated Branch or a Bid cum Application to the Members of Syndicate will be treated as multiple Bid and will be liable to be rejected either before entering the Bid into the electronic Bidding System, or at any point of time prior to the Allotment of Equity Shares in the Issue.

- Upon completing and submitting the ASBA Form to the Designated Branch, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The ASBA Bid, in case of Retail Individual Investors, cannot exceed [●] Equity Shares in order to ensure that the total ASBA Bid Amount blocked in respect of the Retail Individual Investors does not exceed Rs. 100,000.

Information for the ASBA Bidders:

i. The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Form. SCSBs shall make the same available on their websites.

ii. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Form in electronic form on the websites of the SCSBs.

iii. The Bids should be submitted on the prescribed ASBA Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

iv. ASBA Forms should bear the code of the Syndicate Member and/or Designated Branch of the SCSB.

v. ASBA Bidders shall correctly mention the bank account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Form to the respective Designated Branch.

vi. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.

vii. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

i. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and Red Herring Prospectus.

ii. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

iii. . After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder will be considered for allocation along with the Non-ASBA Retail Bidders or Non-Institutional Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price, as the case may be.

iv. Upon receipt of the ASBA Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Application Form, prior to uploading such Bids with the Stock Exchanges.

v. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

vi. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a TRS. The TRS shall be furnished to the ASBA Bidder on request.

vii. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Form or a non-ASBA Form after bidding on one ASBA Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Form or a non-ASBA Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue.

Bidding

i. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price.

ii. In accordance with the ICDR Regulations, our Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

iii. In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and also by indicating the change on the websites of the BRLM, SCSBs and at the terminals of the members of the Syndicate. (d) Our Company in consultation with the BRLM, can finalise the Issue

Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

iv. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

v. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the ASBA Account.

Mode of Payment

Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch to block the Bid Amount in the ASBA Account.

ASBA Form should not be accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account, SCSBs shall block the Bid Amount in the ASBA Account. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the ICDR Regulations, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The Bid Amount shall remain blocked in the ASBA Account until finalization of the basis of Allotment and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the ASBA Bid, as the case may be. In the event the ASBA Account does not have a sufficient credit balance for the Bid Amount, the ASBA Bid shall be rejected by the SCSB and no funds shall be blocked in the that ASBA Account.

Electronic Registration of Bids

a. In case of ASBA Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Form in the electronic bidding system of the Stock Exchange(s) unless;
   (i) it has received the ASBA Form in a physical or electronic form; and
   (ii) it has blocked the application money in the ASBA Account specified in the ASBA Form or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of Bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that are not uploaded may not be considered for allocation.

c. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
   - Name of the Bidder(s);
   - Application Number;
   - Permanent Account Number;
   - Number of Equity Shares Bid for;
   - Depository Participant identification No.; and
   - Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.

f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.

h. The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.

i. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

b. The book gets built up at various price levels. This information will be available with the BRLM and the Stock Exchanges on a regular basis.

c. The SCSBs shall provide aggregate information about the numbers of ASBA Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.

d. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA along with the demand generated by other Retail Individual Bidders or Non-Institutional Bidders to determine the demand generated.

2. Our Company, in consultation with the BRLM, shall finalise the Issue Price.

3. The Allotment to QIBs will be up to 50% of the Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders, including ASBA Bidders, will be not less than 15% and 35% of the Issue, respectively, on a proportionate basis, in a manner specified in the ICDR Regulations and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. Our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment, without assigning any reason thereof.

Issuance of CAN

i. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

ii. The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of the CAN shall be deemed a valid binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the ASBA Accounts and for the transfer of requisite amount to the Public Issue Account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch regarding finalisation of the basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or withdrawal or rejection of the ASBA Bid, as the case may be.

Interest in case of delay in dispatch of Allotment Letters/ Refund Orders or instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or ECS, shall be done within 15 days from the Bid/Issue Closing Date;
- Instructions to the SCSBs to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful Bids shall be made within 15 days of the Bid/Issue Closing Date.
- They shall pay interest at 15% p.a. if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date or if

instructions to SCSBs to unblock funds in the ASBA Accounts are not given within 15 days of the Bid/Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Escrow Collection Banks/Refund Bankers and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Our Company shall not have recourse to the Issue proceeds until the approvals for trading of the Equity Shares has been received from the Stock Exchanges.

Filing of the Red Herring Prospectus and the Prospectus with the RoC

We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to section 66 of the Companies Act, our Company shall, publish an advertisement, in the form prescribed by the ICDR Regulations, in two national newspapers (one each in English and Hindi), each with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue, along with:

   - The number of Equity Shares to be allotted against each successful ASBA;
   - The amount to be transferred from the ASBA Account to the Public Issue Account, for each successful ASBA;
   - The date by which the funds referred to in sub-para (ii) above, shall be transferred to the Public Issue Account; and
   - The details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective ASBA Accounts.

   Investors should note that our Company shall ensure that the instructions by our Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the same date; and

(b) The ASBA Bidders shall directly receive the CANs from the Registrar. The dispatch of a CAN to an ASBA Bidder shall be deemed a valid, binding and irrevocable contract with the ASBA Bidder.

Allotment of Equity Shares

- Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the ASBA Accounts to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two Business Days from the date of Allotment.

- As per the ICDR Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

DO's:

1. Check if you are a Retail Individual Bidder or a Non-Institutional Investor and eligible to Bid under ASBA.

2. Ensure that you use the ASBA Form specified for the purposes of ASBA.

3. Read all the instructions carefully and complete the ASBA Form.

4. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

5. Ensure that your ASBA Form is submitted at a Designated Branch, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or the Registrar to the Issue or the BRLM.

6. Ensure that the ASBA Form is signed by the account holder in case the applicant is not the account holder.

7. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form.

8. Ensure that you have funds equal to the number of Equity Shares Bid for at the Cap Price available in your ASBA Account before submitting the ASBA Form to the respective Designated Branch.

9. Ensure that you have correctly checked the authorisation box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Form in your ASBA Account maintained with a branch of the concerned SCSB.

10. Ensure that you receive an acknowledgement from the Designated Branch for the submission of your ASBA Form.

11. Ensure that you have mentioned your PAN.

12. Ensure that the name(s) given in the ASBA Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Form.

13. Ensure that the Demographic Details are updated, true and correct, in all respects.

DON'Ts:

1. Do not submit an ASBA Bid if you are not Retail Individual or a Non-Institutional Bidder.

2. Do not bid for lower than the minimum Bid size.

3. Do not Bid on another ASBA Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch.

4. Payment of Bid Amounts in any mode other than blocked amounts in the ASBA Accounts, shall not be accepted under the ASBA.

5. Do not send your physical ASBA Form by post; instead submit the same to a Designated Branch.

6. In case of Retail Individual Bidders, do not fill up the ASBA Form such that the Bid Amount against the number of Equity Shares Bid for exceeds Rs. 100,000.

7. Do not submit the GIR number instead of the PAN Number.

Instructions for completing The ASBA Form

1. Bids through ASBA must be made only in the prescribed ASBA Form (if submitted in physical mode) or electronic mode.

2. The ASBA Bid may be made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).

3. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein and in the ASBA Form.

4. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares. The ASBA Bid, in case of Retail Individual Investors, cannot exceed [●] Equity Shares in order to ensure that the total ASBA such that the Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 100,000.

5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

6. ASBA Bidders should correctly mention the ASBA Account number in the ASBA Form and ensure that funds equal to the Bid Amount are available in the ASBA Account before submitting the ASBA Form to the respective Designated Branch.

7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Form should be signed by the account holder as provided in the ASBA Form.

8. ASBA Bidders should correctly mention their DP ID and Client ID in the ASBA Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Form.

ASBA Bidder's Depository Account and Bank Details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN

WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address. Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Form.

As these demographic details would be used for all correspondence with the ASBA Bidders they are advised to update their demographic details as provided to their Depository Participants.

By signing the ASBA Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/allocation advice would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches, the members of the Syndicate, the Company or the Registrar to the Issue shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

ASBA Bids under Power of Attorney

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject such Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

ASBA Bidders can withdraw their Bids during the Bidding/Issue period by submitting a request for the same to the SCSBs who shall do the requisite, including deletion of details of the withdrawn ASBA Form from the electronic bidding system of the Stock Exchanges and unblocking of the funds in the ASBA Account.

In case the ASBA Bidder wishes to withdraw the Bid after the Bid/Issue Closing Date, the same can be done by submitting a withdrawal request by the ASBA Bidder to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file and give instruction to the SCSB for unblocking the ASBA Account after finalization of the basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is the same. However, not more than five Bid cum Application Form can be made from an ASBA Account.

Permanent Account Number

The ASBA Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information will be considered incomplete and are liable to be rejected by the SCSBs**. It is to be specifically noted that ASBA Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

RIGHT TO REJECT ASBA BIDS

The Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the ASBA Account.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

ASBA Bidders are advised to note that Bids under the ASBA Process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application is on plain paper or on split form;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
4. Age of the Bidder is not given;
5. ASBA Bids accompanied by money order/ postal order/cash;
6. Amount mentioned in the ASBA Form does not tally with the amount payable for the value of Equity Shares Bid for;
7. In case of Retail Individual Bidders, Bids for a value of more than Rs. 100,000 by ASBA Bidders;
8. Bid made by categories of investors other than Retail Individual Bidders or Non-Institutional Bidders;
9. PAN not stated, or GIR number furnished instead of PAN;
10. Bids for number of Equity Shares, which are not in multiples of [●];
11. Authorisation for blocking funds in the ASBA Account not ticked or provided;

12. Multiple Bids as described in this Red Herring Prospectus;

13. In case of Bid under power of attorney, relevant documents are not submitted;

14. Signature of sole and/or joint Bidders missing in case of ASBA Forms submitted in physical mode;

15. ASBA Form does not have the Bidder's depository account details;

16. ASBA Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Form and the Red Herring Prospectus;

17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Form at the time of blocking such Bid Amount in the ASBA Account;

18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number; and

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, ASBA Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Form, name and address of the Designated Branch where the ASBA Bid was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Bidders can contact the Compliance Officer, the Designated Branch where the ASBA Form was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see section titled "Issue Procedure- Impersonation" on page 193.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and ICDR Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;

- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made; and

- Our Company shall pay interest at 15% p.a. for any delay beyond the 15 day period mentioned above, if Allotment is not made and/or demat credits are not made to investors within the time period prescribed above or if instructions to SCSBs to unblock ASBA Accounts are not issued within 15 days of the Bid/Issue Closing Date.

Basis of Allocation and Method of Proportionate Basis of Allocation in the Issue

Bids received from ASBA Bidders will be considered at par with Bids received from other Retail Individual Bidders and other Non-Institutional Bidders. No preference shall be given vis-à-vis ASBA and other Retail Individual Bidders or other Non-Institutional Bidders. The basis of allocation to such valid ASBA and other Retail Individual Bidders or Non-Institutional Bidders, will be that applicable to Retail Individual Bidders or Non Institutional Bidders, as the case may be. For details, see section "Issue Procedure- Basis of Allotment" on page 196.

Undertaking by our Company

With respect to the ASBA Bidders, our Company undertakes that adequate arrangements shall be made to collect all ASBA Forms and ASBA Bidders shall be considered similar to other Bidders while finalizing the basis of Allotment.

Utilisation of Issue Proceeds

Our Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see "***Issue Procedure- Utilisation of Issue Proceeds***" on page 203 of this Red Herring Prospectus.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Company Act and the ICDR Regulations, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or their consolidation/splitting are detailed below:

TABLE A NOT TO APPLY

Article 1 provides that,

No regulations contained in Table A in the First Schedule to the Companies Act, 1956, shall apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

SHARE CAPITAL

Article 3 provides that,

i. The Authorized Capital of the Company shall be as per Capital Clause of the Memorandum of Association of the Company with power to increase or reduce the capital of the Company and / or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such ordinary or preferential rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company or as may be decided by the Board of Directors or by the Company in General Meeting, as applicable, in conformity with the provisions of the Act, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares of higher or lower denominations.

ii. Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the Equity Shares in the event of winding up of the Company, the holders of the Equity Shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such Equity Shares and all surplus assets thereafter shall belong to the holders of the Equity Shares in proportion to the amount paid up or credited as paid up on such Equity Shares respectively at the commencement of the winding up.

iii. Subject to the provisions of the Act and all other applicable provisions of law, the Company may issue shares, either equity or any other kind, and the resolutions authorizing such issue shall prescribe the terms and conditions of the issue.

PREFERENCE SHARES

Article 4 provides that,

i) **Redeemable Preference Shares**

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

ii) **Convertible Redeemable Preference Shares**

The Board shall subject to the provisions of the Act and the consent of the Company have power to issue on a cumulative or non-cumulative basis Convertible Redeemable Preference Shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such Securities on such terms as they may deem fit.

PROVISIONS IN CASE OF PREFERENCE SHARES

Article 5 provides that,

Upon the issue of Preference Shares pursuant to Article 4 above, the following provisions shall apply:

i) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of Shares made for the purposes of the redemption;

ii) No such Shares shall be redeemed unless they are fully paid;

iii) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Securities Premium Account before the Shares are redeemed;

iv) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for Dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the Share redeemed; and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;

v) The redemption of Preference Shares under this Article by the Company shall not be taken as reduction of Share Capital;

vi) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued Shares of the Company to be issued to the Members as fully paid bonus Shares;

SHARE EQUIVALENT

Article 6 provides that,

The Company shall subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

ADRs / GDRs

Article 7 provides that,

The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations, have power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board or otherwise.

ALTERATION OF SHARE CAPITAL

Article 8 provides that,

I) The Company may, subject to provisions of section 94 of the Act, by Ordinary Resolution in General Meeting from time to time alter the conditions of its Memorandum as follows, that is to say, it may:

  a) increase its Share Capital by such amount as it thinks fit and expedient by issuing new Shares of such amount as may be deemed expedient and the new Shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct and if no direction be given, the Board of Directors shall determine the same;
  b) consolidate and divide all or any of its Share Capital into Shares of larger amount than its existing Shares;
  c) convert all or any of its fully Paid up Shares into stock and reconvert that stock into fully Paid up Shares of any denomination;
  d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
  e) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled. A cancellation of Shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

II) The Board will have power, from time to time, to divide or classify any unclassified shares forming part of the authorized capital for the time being into several classes and to attach thereto respectively such equity, preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions in such manner as may be for the time being be provided in the Articles of Association of the Company.

REDUCTION OF SHARE CAPITAL

Article 9 provides that,

The Company may (subject to the provisions of Section 78, 80 and 100 to 105 [both inclusive] of the Act), from time to time by Special Resolution, reduce its Capital, any Capital Redemption Reserve Account and the Securities Premium Account in any manner for the time being authorized by law, and in particular, Capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate any power the Company would have, if it were omitted.

POWER OF COMPANY TO PURCHASE ITS OWN SHARES

Article 10 provides that,

Pursuant to a resolution of the Board of Directors, the Company may purchase its own Shares by way of a buy-back arrangement, in accordance with Section 77A of the Act and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, subject to compliance with all applicable Requirements of Law.

SHARES AND CERTIFICATES

Article 11 provides that,

a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall also be entitled to keep in any State or Country outside India, a foreign register or a branch Register of Members and Debenture holders in accordance with Section 157 of the

Act. The Board may make and vary such regulations as it may think fit respecting the keeping of any such register(s).

b) The Shares in the capital shall be numbered progressively according to their denominations, provided however, that the provisions relating to progressive numbering shall not apply to the Shares of the Company which are dematerialized or may be dematerialized in future or issued in future in a dematerialized form. Except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share held in material form shall continue to bear the number by which the same was originally distinguished.

c) The Company shall be entitled to dematerialize its existing Shares, rematerialize its Shares held in the Depository and / or to offer its fresh Shares in a dematerialized form pursuant to the Depositories Act, 1996, and the rules framed thereunder, if any.

FURTHER ISSUE OF SHARES

Article 12 provides that,

i) The Share Capital of the Company shall be in accordance with requirements of Law, as in force from time to time.
Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by the allotment of further shares then:

   a) Such further shares shall be offered to the person who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
   b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
   c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
   d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

Notwithstanding anything contained above, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to above in any manner whatsoever)

1) If a special resolution to that effect is passed by the Company in general meeting, or;

   i) Where no such resolution is passed, if the votes cast (whether on a show of hands or poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

Nothing in sub-clause (c) of (i) hereof shall be deemed:

1) To extend the time within which the offer should be accepted; or

2) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debentures issued by the Company:

1) To convert such debentures or loans into shares in the Company; or
2) To subscribe for shares in the Company.

Provided that the terms of issue of such debentures or terms of such loans include a term providing for such options and such term:

1) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

2) In the case of debentures or loans or other than debentures issue to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has been approved by the special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

   i) Any increase in the subscribed Capital of the Company by allotment of further Shares, whether out of un-issued Share Capital or out of increased Share Capital or otherwise, shall be effected in accordance with the applicable requirements of law.

   ii) Any acquisition of Shares or other Securities of the Company by the persons who can acquire Securities of a company incorporated in India, shall be in compliance with any applicable laws, regulations or guidelines or any requirements of Law.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Article 13 provides that,

i) Subject to the provisions of Section 81 of the Act, if applicable, and these Articles, the Shares in the Capital of the Company for the time being (including any Shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such Persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 78 and 79 of the Act) at such time as they may from time to time think fit and with the sanction of the Members to give to any Person or Persons the option or right to apply for any Shares either at par or premium or at a discount during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided however, notwithstanding the foregoing, the option or right to call of Shares shall not be given to any Person or Persons except with the sanction of the Members in the General Meeting.

ii) In addition to and without derogating from powers for that purpose conferred on the Board under these Articles, the Members may, subject to the provisions of Section 81 of the Act, determine that any Shares (Whether forming part of the original capital or of any increased Capital of the Company), shall be offered to such Persons, (Whether Members or holders of Debentures or any other Securities or not), in such proportion and on such terms and conditions either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount, as the Members shall determine and with full power to give any person, (whether a member or holders of debentures or any other securities or not), the option to call for or be allotted Shares of any class of the Company, either (subject to compliance with the provisions of Sections 78 and 79 of the Act), at a premium or at par or at a discount, such option being exercisable at such time and for such consideration as may be directed by the Members or the Members make any other provision whatsoever for the issue, allotment or disposal of any Shares.

iii) Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles and every person who thus or otherwise accepts any Shares and whose name is on the Register of Members shall for the purposes of these Articles be a Member.

iv) The money, (if any), which the Board shall, on the allotment of any Shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

v) Every Member, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his Share or Shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

vi) If any Share stands in the names of two or more Members, the Member first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such Shares, and for all incidents thereof according to these Articles.

vii) Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall be entitled to treat the Member whose name appears on the Register of Members as the holder of any Share or whose name appears as the Beneficial Owner of Shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognize any benami, trust or equity or equitable, contingent or other claim to or interest in such Share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any Shares in the joint names of any two or more Persons or the survivor or survivors of them.

ESOP PLAN

Article 14 provides that,

The Company may, subject to the provisions of laws and any guidelines thereof, implement an Employee Stock Option Scheme ("ESOS") or an Employee Stock Purchase Scheme ("ESPS") or such other related schemes for the employees of the Company. Any such ESOS, ESPS or such related schemes shall be subject to applicable Laws.

ISSUE OF SHARE CERTIFICATES

Article 15 provides that,

i) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Board shall also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.

The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors.

Provided that, notwithstanding what is stated above, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or the rules made under the Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

ii) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fees as the Directors may determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be sufficient delivery to all such holder.

iii) If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company may deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Board shall comply with such rules or regulation or requirement of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

iv) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

UNDERWRITING AND BROKERAGE

Article 16 provides that,

i) Subject to Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any Shares, Debentures or other Securities in the Company. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other. Commission shall however be payable to any Person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in, Securities or Debentures of the Company, in accordance with the provisions of the Act.

ii) The Company may also, on any issue of Shares or Debentures, pay such brokerage as may be lawful.

INTEREST OUT OF CAPITAL

Article 17 provides that,

Where any Shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may with the previous sanction of the Central Government, pay interest on so much of that Share Capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to Capital as part of the cost of construction of the work or building or the provision of plant.

CALLS

Article 18 provides that,

i) Subject to the provisions of Section 91 of the Act, the Board may from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the Person or Persons and at the time and places appointed by the Board. A call may be made payable by installments.

ii) Thirty days notice in writing at least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the Members revoke the same.

iii) A call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

iv) A call may be revoked or postponed at the discretion of the Board

v) The joint holder of a Share shall be jointly and severally liable to pay all installments and calls due in respect thereof.

vi) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members, but no Members shall be entitled to such extension save as a matter of grace and favour.

vii) If any Member or allottee fails to pay the whole or any part of any call or instalment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board.

viii) Any sum, which by the terms of issue of a Share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the Share or by way of premium shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

ix) On the trial or hearing of any action or suit brought by the Company against any Member or his Legal Representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member in respect of whose Shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the Shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

x) Neither a judgement or decree in favour of the Company for calls, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

xi) The Board may, if it thinks fit (subject to the provisions of Section 92 of the Act) agree to and receive from any Member willing to advance the same, the whole or any part of the amounts due upon the Shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or upon so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares in respect of which such advance has been made, the Company may pay interest, as the Member paying such sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three (3) months notice in writing. Provided that the money paid-up in advance of calls on any Share may carry interest but shall not entitle the holder of the share to participate in respect thereof in profits or dividend subsequently declared. The Company may at any time, as may be decided by the Board, repay the amount so advanced.

xii) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same become presently payable.

xiii) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

COMPANY'S LIEN ON SHARES

Article 19 provides that,

i) The fully paid shares will be free from all lien, while in the case of partly paid shares, the company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares;

ii) The Company shall have a first and paramount lien upon all the Shares / Debentures (other than fully paid-up Shares / Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares / Debentures and no equitable interest in any Share shall be created except upon the condition that this Article will have full effect, and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares and interest in respect of Debentures. Unless otherwise agreed, the registration of a transfer of Shares / Debentures shall operate as a waiver of the Company's lien, if any, on such Shares / Debentures. The Board or a duly constituted committee of a Board may at any time declare any Shares / Debentures wholly or in part to be exempt from the provisions of this Article;

iii) For the purpose of enforcing such lien the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorize any of the directors to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell shall have been served on such Member or his

Legal Representative, and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice; and

iv) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the Person entitled to the Shares at the date of the sale.

FORFEITURE OF SHARES

Article 20 provides that,

i) If any Member fails to pay any call or instalment or any part thereof or any money due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or instalment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remain unsatisfied, give notice to him or his Legal Representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

ii) The notice shall name a day, (not being less than fourteen days from the date of the notice), and a place or places on or before which such call or instalment or such part or other moneys as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or instalment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the Shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

iii) If the requirements of any such notice as aforesaid shall not be complied with, any Share in respect of which such notice has been given, may at any time thereafter before payment of all calls, installments, other moneys due in respect thereof, interest and expenses as aforesaid, be forfeited by a Resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Share and not actually paid before the forfeiture.

iv) When any Share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or if any of his Legal Representatives or to any of the Persons entitled to the Shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

v) Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

vi) Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses and other moneys owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it think fits), payment thereof as if it were a new call made at the date of forfeiture.

vii) The forfeiture of a Share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the Share and all other rights incidental to the Share, except only such of these rights as by these Articles are expressly saved.

viii) A declaration in writing that the declarant is a Director or Secretary of the Company and that a Share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the Shares.

ix) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

x) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the related Shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said Shares to the person or persons entitled thereto.

xi) The Board may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Article 21 provides that,

i) The Company shall keep a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

ii) The instrument of transfer shall be in writing and all provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer.

   a) An application for the registration of a transfer of the Shares in the Company may be made either by the transferor or the transferee.
   b) Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

iii) Every such instrument of transfer shall be executed both by the transferor and the transferee and such instrument may be attested, if required, and the transferor shall be deemed to remain the holder of such Shares until the name of the transferee shall have been entered in the Register of Members in respect thereof.

iv) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the company is situated to close the transfer books, the Register of Members and / or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days (45) in each year, as it may deem expedient.

v) Subject to the provisions of Section 111A of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and other applicable provision of the Act or any other law for the time being in force, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise to register or acknowledge the transfer of or transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

vi) Subject to the provisions of the Act and these Articles, the Directors shall have the same right to decline or suspend registration as it would have had, if the deceased member had himself transferred the share before his death.

vii) Transfer of Shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scrips of any small denominations or to consider a proposal for transfer of Shares comprised in a Share certificate to several Members, involving such splitting, if on the face of it such splitting/ transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of Shares in violation of the stock exchange listing requirements on the ground that the number of Shares to be transferred is less than any specified number.

viii) In the case of the death of any one or more of the Members named in the Register of Members as the joint-holders of any Share, the survivors shall be the only Member or Members recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other Person.

ix) The Executors or Administrators or holder of the Succession Certificate or the Legal Representatives of a deceased Member, (not being one of two or more joint-holder), shall be the only Members recognized by the Company as having any title to the Shares registered in the name of such Member, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representatives unless such Executors or Administrators or Legal Representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted court in the Union of India, provided that the Board may in its absolute discretion dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under these Articles register the name of any Person who claims to be absolutely entitled to the Shares standing in the name of a deceased Member, as a Member.

x) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind.

xi) Subject to the provisions of Articles, any Person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy of any Member or Members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

xii) A Person becoming entitled to a Share by reason of the death or insolvency of a Member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Shares, except that he shall not, before being registered as a Member in respect of the Shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company; PROVIDED THAT the Board shall, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Shares until the requirements of the notice have been complied with.

xiii) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the Shares and every registered instrument of transfer shall remain in the custody of the Company or duly authorized agent of the Company until destroyed by order of the Board.

xiv) Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

xv) In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

xvi) Before the registration of a transfer, the certificate or certificates of the Share or Shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

xvii) No fee shall be payable to the Company, in respect of the transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.

xviii) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to such notice, and give effect thereto if the Board shall so think fit.

xix) The provision of these Articles shall subject to the provisions of the Act and any requirements of law mutatis mutandis apply to the transfer or transmission by operation of law to other Securities of the Company.

DEMATERIALISATION OF SECURITIES

Article 22 provides that,

(i) Dematerialization:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and / or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed there under, if any.

(ii) Options for investors:

a) Subject to Section 68B of the Act, every Person subscribing to Securities offered by the Company shall have the option to receive security certificates or to hold the Securities with a Depository. Such a Person who is the Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities in a manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the Beneficial owner the required Certificate of securities.
b) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities

(iii) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner.

(iv) Rights of Depositories & Beneficial Owners:

a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
b) Save as otherwise provided in (a) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
c) Every person holding Shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Member of the Company.
d) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(v) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vi) Transfer of Securities:

a) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
b) In the case of transfer or transmission of Shares or other marketable Securities where the Company has not issued any certificates and where such Shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply

(vii) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(viii) Certificate No. of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(ix) Register and Index of Beneficial Owners:

Notwithstanding anything contained in these Articles, the Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and Security-holders of the purposes of these Articles.

NOMINATION OF SHARES

Article 23 provides that,

i) Every holders of Shares in, or holder of Debentures of, the Company may, at any time, nominate, in the manner prescribed under the Act, a Person to whom his Shares in, or Debentures of, the Company shall vest in the event of his death.

ii) Where the Shares in, or Debentures of, the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a Person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.

iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such Shares in or Debentures of, the Company, where a nomination made in the manner prescribed under the Act, purports to confer on any Person the right to vest the Shares in, or Debentures of, the Company, the nominee shall, on the death of the Member or debenture holder of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the Act.

iv) Where the nominee is a minor, the holder of the Shares or Debentures concerned, can make the nomination to appoint in prescribed manner under the Act, any Person to become entitled to the Shares or Debentures of the Company in the event of his death, during the minority.

TRANSMISSION IN CASE OF NOMINATION

Article 24 provides that,

i) Notwithstanding anything contained in other Articles, any Person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either:-

   a) to be registered himself as holder of the Shares or Debenture, as the case may be, or
   b) to make such transfer of the Shares or Debenture, as the case may be as the deceased member or debenture holder, as the case may be, could have made.

ii) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share or Debenture, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Member or Debenture holder, as the case may be.

iii) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of Shares or Debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the Member had not occurred and the notice of transfer where a transfer instrument signed by that Member or Debenture holder, as the case may be.

iv) A Person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a Member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Share or Debenture until the requirements of the notice have been complied with.

NOMINATION FOR FIXED DEPOSITS

Article 25 provides that,

A depositor may, at any time, make a nomination and the provisions of Sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of Sections 58A(11) of the Act.

NOMINATION IN CERTAIN OTHER CASES

Article 26 provides that,

Subject to the provisions of the Act and these Articles, any person becoming entitled to Shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Shares or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Shares.

RESTRICTED RIGHTS OF MEMBERS

Article 27 provides that,

No Person shall exercise any rights or privileges of Members until he shall have paid all sums (whether in respect of call or otherwise) for the time being due in respect of the Shares held by him or due in any manner whatsoever to the Company.

BORROWING POWERS

Article 29 provides that,

i) Subject to the provisions of Section 58A, 292 and 293 of the Act the Board may, from time to time at its discretion by resolution passed at the meeting of a Board:

   (a) accept or renew deposits from Directors, their relatives, Members or the public;
   (b) borrow moneys otherwise than on Debentures;
   (c) accept deposits from Members either in advance of call or otherwise; and
   (d) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

   Provided, however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such moneys without the consent of the Company in General Meeting.

ii) Subject to the provisions of these Articles, the payment or repayment of moneys borrowed or other monies in relation thereto, as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture-stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present or future. Provided however that the Board shall not, except with the consent of the Company in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

iii) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into shares of any denomination, and with any privileges and conditions as to the redemption, drawing, surrender, allotment of shares and attending (but not voting) at General Meetings or allotment of other Securities, appointment of Directors or otherwise. Provided that Debentures with rights to conversion into or allotment of shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

iv) Subject to the provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Members in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

v) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Central Government, the Company Law Board, the National Company Law Tribunal, or any other authority as may be prescribed or the Court or the Registrar, as the case may be, so far as they are required to be complied with by the Board.

vi) The Company shall, if at any time it issues Debentures, keep a Register and Index (if applicable) of Debenture-holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any State or Country outside India, a Branch Register of Debenture-holders resident in that State or Country.

vii) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board of Directors from time to time.

SHARE WARRANTS

Article 30 provides that,

i) The Company may issue share warrants subject to, and in accordance with, the provisions of Section 114 and 115; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

ii)

a. The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.
b. Not more than one person shall be recognized as depositor of the share warrant.
c. The Company shall, on two days' written notice, return the deposited share warrant to the depositor.

iii)

a. Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notices from the Company.
b. The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Shares included in the warrant, and he shall be a Member of the Company.

iv) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Article 31 provides that,

i) The Company in General Meeting may convert any Paid-up Shares into stock and when any Shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which Shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into Paid-up shares of any denomination.

ii) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, including provisions of the Act or any other requirement of Laws shall apply to stock, as if they held the Shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

MANAGEMENT OF COMPANY'S AFFAIRS

Article 32 provides that,

Subject to the provisions of the Act and these Articles, the entire management of the Company's affairs including all decisions and resolutions shall be entrusted by the Members of the Company to its Board of Directors. All matters arising at a meeting of the Board of Directors, other than those otherwise specified in these Articles if any shall be decided by a majority vote, subject to any casting vote of the Chairman in the event of a tie.

ANNUAL GENERAL MEETING

Article 33 provides that,

The Company shall in each year hold a General Meeting specified as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

WHEN ANNUAL GENERAL MEETING TO BE HELD

Article 34 provides that,

The Annual General Meeting shall be held within six months after the expiry of each Financial Year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the rights conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held.

VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

Article 35 provides that,

Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situate, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

Every Member of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which later shall remain open and accessible during the continuation of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Section 159, 161 and 220 of the Act. The Directors are also entitled to attend the Annual General Meeting.

NOTICE OF GENERAL MEETINGS

Article 36 provides that,

i) Number of days within which notice of general meeting to be given: A General Meeting of the Company may be called by giving not less than twenty one (21) days clear notice in writing, but a General Meeting may be called after giving shorter notice if consent is accorded thereto:

   (a) In case of an Annual General Meeting, by all the Members entitled to vote thereat; and
   (b) In the case of any other meeting, by the Members of the Company holding not less than 95 per cent of such part of the Paid up Share Capital of the Company as gives a right to vote at the meeting,

ii) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date and hour of the meeting, and shall contain a statement of the business to be transacted thereat.

iii) Contents and manner of service of notice and persons on whom it is to be served: Every notice may be served by the Company on any Member thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Member to the Company for giving the notice to the Member.

iv) Special business: Where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 percent of the paid up share capital of that Company of that other company. All business transacted at any General Meeting of the Company other than the Annual General Meeting and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 173(1)(a) of the Act shall be deemed to be special business.

v) Resolution requiring special notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 190 of the Act.

vi) Notice of adjourned meeting when necessary: When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of any original meeting.

vii) Notice when not necessary: Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

REQUISITION OF EXTRAORDINARY GENERAL MEETING

Article 37 provides that,

i) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the Paid-up Share Capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made, and such meeting shall be held at the Office of the Company or at such place and at such time as the Board thinks fit.

ii) Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

iii) Upon the receipt of such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid-Up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the Meeting, but in either case any Meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

iv) Any Meeting called under the foregoing sub-Articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a Meeting is to be called by the Board.

v) The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

vi) No General Meeting, Annual or Extraordinary shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

Article 38 provides that,

Five Members present in person shall be the quorum.

ADJOURNED MEETING

Article 39 provides that,

If, at the expiration of half an hour from the time appointed for holding a Meeting of the Company, a quorum is not present, the meeting if convened by or upon the requisition of Members shall stand dissolved but in any other case the Meeting shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and such other time and place within the city, town or village in which the Registered Office of the Company is situated, as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the appointed for holding the Meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called. It shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

CHAIRMAN OF THE GENERAL MEETING

Article 40 provides that,

NLG, the Chairman of the Board shall preside as Chairman at every general meeting of the Company. In absence of NLG, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the Vice-Chairman of the Board shall preside as Chairman of the meeting. If there is no Chairman or Vice Chairman, or none of them are present within fifteen minutes after the time appointed for holding the meeting, or are unwilling to act as Chairman of the meeting, the directors present shall elect one of the Directors to be the Chairman of the meeting. If at any meeting no Director is willing to act as Chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of the members to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the chair is vacant.

CHAIRMAN CAN ADJOURN THE GENERAL MEETING

Article 41 provides that,

The Chairman may adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situated but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

QUESTIONS AT GENERAL MEETING HOW DECIDED

Article 42 provides that,

i) At any General Meeting, a resolution put to the vote of the Meeting shall, unless a poll is demanded, be decided on a show of hands. Before or on the declaration of the result of voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or in which an aggregate sum of not less than fifty thousand rupees has been Paid-up. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

ii) In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll, (if any), have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

iii) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles save and except otherwise than in the Extra-Ordinary General Meeting be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situated and either by a show of hands or by ballot or by postal ballot, as the Chairman shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the decision of the Meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

iv) Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinisers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutinisers so appointed shall always be a Member, (not being an officer or employee of the Company), present at the Meeting provided such a Member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutiniser from office and fill vacancies in the office of scrutiniser arising from such removal or from any other cause.

v) Any poll duly demanded on the election of a Chairman of a Meeting or any question of adjournment, shall be taken at the Meeting forthwith.

vi) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

vii) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 193 of the Act to be contained in the Minutes of the proceedings of such Meeting.

viii) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

ix) Chairman of the meeting shall be the sole judge for any disputes arising in the course of the meeting.

VOTES OF MEMBERS

Article 43 provides that,

i. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Members either upon a show of hands or upon a poll in respect of any Shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

ii. Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Member not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such Meeting, and on a show of hands, every Member present in person shall have one vote and upon a poll, the voting right of such Member present, either in person or by proxy shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Member holding Preference Shares be present at any Meeting of the Company, save as provided in Clause (b) of Sub-Section (2) of Section 87 of the Act, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his Preference Shares

iii. On a poll taken at a Meeting of the Company, a Member entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

iv. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Member be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute), by the Chairman of the meeting.

v. If there be joint registered holders of any shares, any one of such Persons may vote at any Meeting or may appoint another Person, (whether a Member or not) as his proxy in respect of such Shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the Meeting and if more than one of such joint-holders be present at any Meeting, then one of the said persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint-holders shall be entitled to be present at the Meeting. Several Executors or Administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint-holders thereof

vi. Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Member.

vii. Any Person entitled to transfer any Shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such Shares, provided that forty-eight hours at least before the time of holding the Meeting or adjourned Meeting as the case may be at which he proposes to vote, he shall satisfy the Board of his right to such Shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.

viii. Every proxy, (whether a Member or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a Meeting.

ix. An instrument of proxy may appoint a proxy either for (a) the purposes of a Particular Meeting (as specified in the instrument) or (b) for any adjournment thereof or (c) it may appoint a proxy for the purposes of every Meeting of the Company, or (d) of every Meeting to be held before a date specified in the instrument for every adjournment of any such Meeting.

x. A Member present by proxy shall be entitled to vote only on a poll.

xi. An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the Meeting at which the Person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the office of the Company not less than forty-eight hours before the time fixed for such Meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Member or the attorney, given at least 48 hours before the Meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same in deposited with the Company not less than forty-eight hours before the time fixed for the Meeting, the attorney shall not be entitled to vote at such Meeting unless the Board in their absolute discretion excuse such non-production and deposit.

xii. Every instrument of proxy whether for a specified Meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in Schedule IX of the Act or a form as near thereto as circumstance admit.

xiii. If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at Meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company

xiv. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the Meeting

xv. No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever

xvi. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge for the validity of every vote tendered at such poll.

a) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such Meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered
b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each Meeting in such book shall be dated and signed by the Chairman of the same Meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose
c) In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise
d) The Minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat
e) All appointments of Directors of the Company made at any Meeting aforesaid shall be included in the minutes of the Meeting
f) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the Meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds
g) Any such Minutes shall be evidence of the proceedings recorded therein
h) The book containing the Minutes of proceedings of General Meetings shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Member without charges
i) The Company shall cause minutes to be duly entered in books provided for the purpose of:-

1. the names of the Directors and Alternate Directors present at each General Meeting;
2. all Resolutions and proceedings of General Meeting;

xvii. The Members shall vote (whether in person or by proxy) all of the Shares owned or held of record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board of Directors, appointed as a Director of the Company under Section 274 (1) of the Act in accordance with these Articles

a) The Members will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles
b) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote
c) The Members shall exercise their voting rights as shareholders of the Company to ensure that the Act and/or these Articles are implemented and acted upon by the Members, and by the Company and to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles

VOTING BY POSTAL OR ELECTRONIC MODE

Article 44 provides that,

i) Notwithstanding anything contained elsewhere in these articles, the Board of Directors may and in the case of resolutions relating to such business as the Central Government, may by notification under the provisions of Section 192A of the Companies Act, 1956, declare to be conducted only by the postal ballot, shall get the resolution passed by means of a postal ballot instead of transacting the business in the General Meeting of the Company.

ii) Where it is decided to pass any resolution by resorting to postal ballot the Company shall send a notice to all the members, alongwith a draft resolution explaining the reasons therefore and requesting the members to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter.

iii) The notice shall be sent by registered post acknowledgement due, or by any other method as may be prescribed by the Central Government in this behalf, and shall include with the notice, postage pre-paid envelope for facilitating the communication for assent or dissent of the member to the resolution within a period of said 30 days.

iv) If a resolution is assented to by a requisite majority of the members by means of a postal ballot, it shall be deemed to have been duly passed at a General Meeting convened in that behalf.

v) It is clarified that the postal ballot in this Article shall include voting by electronic mode.

DIRECTORS

Article 45 provides that,

Unless otherwise determined by the Company in the General Meeting, the number of Directors shall not be less than 3 (three) and not more than such number as may be stipulated by the Act for the time being in force.

CHAIRMAN OF THE BOARD OF DIRECTORS

Article 46 provides that,

Subject to the provisions of the Companies Act, 1956:-

i) NLG shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation, subject to his decision/intimation to the Board of re-designating himself as a director liable to retire by rotation.

ii) The Chairman shall preside at all meetings of the Board and the General Meetings of the Company. The Chairman shall have a casting vote in the event of a tie.

iii) NNG shall be and shall continue as the non-retiring Vice-Chairman of the Board so long as he is willing to be a director and Vice-Chairman of the Company and shall not be liable to retire by rotation, subject to his decision/ intimation to the Board of re-designating himself as a director liable to retire by rotation.

iv) In any event where NLG is not occupying the seat of the Chairman, NNG as aforesaid in his capacity of a Vice- Chairman will occupy the chair of the Chairman, having all the rights of a Chairman.

v) If due to any unavoidable or other circumstances, NLG / NNG as aforesaid are unable to occupy the position of Chairman in a meeting, then NIG being a director of the Company shall be the Chairman for such a meeting.

vi) If NIG is also unable to occupy the position of Chairman in a meeting, then any of the other directors being a nominee of the Promoter Group shall be the Chairman for such a meeting.

vii) The Chairman of the Board shall have the right but not an obligation to appoint or nominate an individual being a Director of the company as a Chairman for a particular meeting.

viii) All the Directors shall exercise their voting rights to ensure that these Articles are implemented and acted upon by them to prevent the taking of any action by the Company or by any Member, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

APPOINTMENT OF ALTERNATE DIRECTORS

Article 47 provides that,

Subject to Section 313 of the Act, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 months (subject to such person being acceptable to the Chairman). The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called “the Original Director”) (subject to such person being acceptable to the Chairman) during the Original Director’s absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the state. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

CASUAL VACANCY AND ADDITIONAL DIRECTORS`

Article 48 provides that,

Subject to the provisions of the Act And these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under these Articles. Any person so appointed as an addition shall hold office only up to the date of the next Annual General Meeting. Any person appointed to fill a casual vacancy shall hold office only up to the date to which the Original Director in whose place he is appointed would have held office if it had not been vacated but shall be eligible for election.

NOMINEE DIRECTORS

Article 49 provides that,

i) The Company shall from time to time have the power of appointing directors in the capacity of Nominee Directors, whether or not by way of nomination by any financial institution, debenture holders, any placement of securities/ any other instrument of the company or lenders/ investors of any kind.

ii) Subject to the provisions of the Companies Act, 1956, the Promoters of the Company as defined in the Articles shall have the right to appoint one third of the total strength of Board as their nominee directors, who shall not be liable to retire by rotation, as long as they continue to hold not less 15% of the Paid Up capital of the Company.

iii) The aforesaid authority shall include the power of appointment, re-appointment or removal.

NO QUALIFICATION SHARES FOR DIRECTORS

Article 50 provides that,

A Director shall not be required to hold any qualification Shares of the Company.

REMUNERATION OF DIRECTORS

Article 51 provides that,

i) Subject to the provisions of the Act, a Managing Director (s), and any other Director(s) who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

ii) Subject to the provisions of the Act, a Director (other than a Managing Director or an Whole-time Director) may be paid remuneration either:

   a) by way of monthly, quarterly or annual payment; or
   b) by way of commission.

iii) The remuneration payable to each Director for every Meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time, within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 310 of the Act.

SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

Article 52 provides that,

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may, subject to the provisions of the Act, arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration otherwise provided.

TRAVEL EXPENSES OF DIRECTORS

Article 53 provides that,

The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board/committee meetings are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation for lodging and/ or other expenses, in addition to his fee for attending such Board Meetings / Committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any expenses incurred in connection with the business of the Company.

CONTINUING DIRECTORS

Article 54 provides that,

The Continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the minimum number fixed by Article 45 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

REMOVAL OF DIRECTORS

Article 55 provides that,

The Members may by passing an Ordinary resolution remove a director, before the expiry of his period of office.

DIRECTORS MAY CONTRACT WITH COMPANY

Article 56 provides that,

i) Subject to the provisions of the Act, a Director or his relative, a firm in which such Director or relative is a partner, any other Person in such firm, or a private company of which the Director is a member or director may enter into any contract with the Company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares in, or Debentures, of the Company, provided that the prior sanction of the Board and the Central Government (if applicable) is obtained in accordance with Section 297 of the Act.

ii) No sanction however shall be necessary to:-

    (a) any sale, purchase or lease of immovable property; or
    (b) any purchase of goods and materials from the Company, or the sale of goods or materials to the Company, by any such Director, relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
    (c) any contract or contracts between the Company on one side and any such Director, relative, firm, partner or private company on the other, for sale, purchase or supply of any goods, materials and services, in which either the Company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services do not exceed Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

iii) The Director, so contracting or being so interested shall not be liable to the Company for any profit authorized by any such contract or the fiduciary relation thereby established.

DISCLOSURE OF INTEREST

Article 57 provides that,

i) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a Meeting of the Board in the manner provided in Section 299(2) of the Act; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2 per cent of the paid-up share capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but maybe renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a Meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first Meeting of the Board after it is given.

ii) No Director shall as a Director, take any part in the discussion of, vote on any contract or a arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangements; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing herein contained shall apply to:-

a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company;
b) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,
c) in his being –
   1) a director of such company, and
   2) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by this Company, or

iii) In his being a member holding not more than 2 per cent of its Paid-up Share Capital.

iv) Subject to the provisions of Section 314 and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

v) The Company shall keep a Register in accordance with Section 301(1) of the Act and shall within the time specified in Section 301(2) of the Act enter therein such of the particulars as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 57 (i). The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such Office, and extracts may be taken there from the copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

vi) A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

Article 58 provides that,

i) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

ii) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:-

   a) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
   b) retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed;
   c) he is not qualified or is disqualified for appointment;
   d) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any provisions of the Act.
   e) the proviso to sub-section (2) of Section 263 of the Act is applicable to this case.

DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE

Article 61 provides that,

i) Every Director, (including a person deemed to be a Director by virtue of the Explanation to Sub-Section (1) of Section 303 of the Act), a Managing Director, Manager, or Secretary of the Company shall, within thirty days of his appointment to any of the above offices or as the case may be, relinquishment of, such offices, in any other body corporate disclose to the Company, the particulars relating to his office in the other body corporate which are required to be specified under Sub-Section (1) of Section 303 of the Act.

ii) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purposes of enabling the Company to comply with the provisions of that Section.

MANAGING DIRECTOR(S) / WHOLE-TIME DIRECTOR(S) / MANAGER

Article 62 provides that,

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director/s or Manager or Whole-time Director(s), of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director/s or Manager or Whole-time Director(s), such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine. The terms of appointment of Managing Director/s or Manager or Whole-time Director(s), shall be the terms on which such persons shall be appointed by the Board. The Managing Director/s or Manager or Whole-time Director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or Manager or Whole-time Director(s), as the case may be, all the powers vested in the Board generally.

PROVISIONS TO WHICH MANAGING DIRECTOR(S) / WHOLE-TIME DIRECTOR(S) / MANAGER ARE SUBJECT TO

Article 63 provides that,

Notwithstanding anything contained herein, a Managing Director(s)/ Whole-time Directors(s)/ Manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s)/ Whole-time Director(s) / Manager, and if he ceases to hold the office of a Managing Director(s)/ Whole-time Director(s) / Manager he shall ipso facto immediately cease to be a Director.

REMUNERATION OF MANAGING DIRECTOR(S) OR WHOLE-TIME DIRECTOR(S) OR MANAGER

Article 64 provides that,

The remuneration of the Managing Director(s) or Whole-time Director(s) or Manager shall (subject to Sections 198, 269, 309, 310, 311 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Board, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

POWER AND DUTIES OF MANAGING DIRECTOR(S) OR WHOLE-TIME DIRECTOR(S) OR MANAGER

Article 65 provides that,

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s) or Whole-time Director(s) or Manager in the manner as deemed fit by the Board and subject to the provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s) or Whole-time Director(s) or Manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

i) Proceedings of Board of Directors

The Board may meet for the dispatch of the business, adjourn and otherwise regulate its meetings on a date, time and venue as indicated by the Chairman, provided however, the Board shall meet once in every three months and at least four times in a year in accordance with Section 285 of the Act or any statutory modifications thereof.

a) The Company Secretary shall as and when ,directed by the Chairman convene a meeting of the board by giving notice in writing to every director
b) The Board of Directors may meet either at the office of the company, or at any location in India or outside India as the Chairman may determine
c) Prior notice of every meeting of the Board shall be given in writing to every director for the time being in India, and as his usual address in India to every other director
d) If permissible under applicable requirements of Law, a director may attend Board Meeting by any video or audio conferencing facility that permits simultaneous communication between participants

QUORUM FOR BOARD MEETING

Article 66 provides that,

Subject to Section 287 of the Act, the quorum for a Meeting of the Board shall be presence of at least one-third of its total strength or two directors, whichever is higher.

Provided that where at any time the number of interested directors exceeds or is equal to two thirds of the total strength, the number of the remaining directors, that is to say, the number of directors who are not interested, present at the meeting being not less than two shall be the quorum.

ADJOURNED BOARD MEETING FOR WANT OF QUORUM

Article 67 provides that,

i) If any duly convened Board Meeting cannot be held for want of a quorum, in terms of Article 66 above then such a meeting shall automatically stand adjourned till the same day in the next week, after the original Meeting at the same time and place, or if that day is a public holiday, on the next succeeding day which is not a public holiday to the same time and place Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed by all the Directors.

ii) Subject to the provisions of the Act, if in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

QUESTIONS AT BOARD MEETINGS HOW DECIDED

Article 68 provides that,

i) Questions arising at any meeting of the Board, other than as specified in theses Articles, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

ii) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

iii) The Chairman of the meeting shall be the sole judge for any disputes arising in determining the aforesaid majority of the Board.

POWERS OF THE BOARD

Article 69 provides that,

Subject to the provisions of the Act and these Articles:-

i) The Board of Directors shall be entitled to exercise all such power and to do all such acts and things as the Company is authorized to exercise and do.

ii) The Board of Directors is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

COMMITTEES AND DELEGATION BY THE BOARD

Article 70 provides that,

Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to the Managing Director(s), the Whole-time Director(s) or Manager or the Chief Executive Officer of the Company. The Managing Director(s), the Whole-time Director(s) or the Manager or the Chief Executive Officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effects as if done by the Board.

i) Subject to the provisions of the Act, any requirements of law and anything stated in these Articles the Board may delegate any of their powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

ii) The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

Article 71 provides that,

All acts done at any Meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

RESOLUTION BY CIRCULAR

Article 72 provides that,

Subject to Sections 289 and 292 of the Act and the provisions as contained in these Articles, no resolution shall be deemed to have been passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all Directors or to all members of the Committee, whether in India or not (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members of the Committee at their usual address in India or elsewhere, and has been approved by all such Directors or members of the Committee, or by a majority of such of them as are entitled to vote on the resolution.

DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Article 75 provides that,

Subject to applicable Indian laws, the Company may procure, at the Company's cost, comprehensive directors and officers liability insurance for each Director:-

i) on terms approved by the Board:

ii) which includes each Director as a policyholder,

iii) is from a authorized insurer approved by the Board; and

iv) for a coverage for claims of an amount as may be decided by the Board from time to time.

DIVIDEND POLICY

Article 80 provides that,

i) The divisible profits of the Company shall be divisible among the Members in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the Shares held by them respectively. Provided always that, (subject as aforesaid), any Capital paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

ii) Subject to the provisions of Section 205 of the Companies Act, 1956 the Company in General Meeting may declare Dividends, to be paid to Members according to their respective rights and interests in the profits but no Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller Dividend, and may fix the time for payments not exceeding 30 days from the declaration thereof.

a) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with provisions of the Act and remaining undistributed or out of both, provided that:

1) if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years.
2) If the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous Financial Year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
3) The decision of the Board as to the amount of the divisible profits shall be conclusive.

b) The Board may from time to time, pay to the Members such interim Dividends as in their judgment the position of the Company justifies.

c) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

d)

1) All Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any Shares in the Company, Dividends may be declared and paid according to the amount of the Shares.
2) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purpose of this regulation as paid on Shares.
3) All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid, but if any Shares are issued on terms providing that it shall rank for Dividend as from a particular date such Shares shall rank for Dividend accordingly.

e) Subject to the provisions of the Act and these Articles, the Board may retain the Dividends payable upon Shares in respect of any Person, until such Person shall have become a Member, in respect of such Shares or until such Shares shall have been duly transferred to him.
f) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other moneys payable in respect of such Shares.
g) Subject to the provisions of the Act, no Member shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct form the interest or Dividend payable to any such Member all sums of moneys so due form him to the Company.
h) A transfer of Shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
i) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Member or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any Dividend lost to a Member or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If two or more Persons are registered as joint-holders of any Shares(s) any one of them can give effectual receipts for any moneys payable in respect thereof. Several Executors or Administrators of a deceased Member in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.
j) No unpaid Dividend shall bear interest as against the Company.
k) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Members, be sef-off against such calls.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirement of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) act, 1956 or any other Act, or rules applicable thereof in this behalf.

UNPAID OR UNCLAIMED DIVIDEND

Article 81 provides that,

a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 days from the days of declaration to any Member entitled to the payment of such dividends, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that regard with any scheduled bank called the "Unpaid Dividend of Goenka Diamond and Jewels Limited" and transfer to the said account the total amount of Dividend which remains unpaid or in relation to which no Dividend warrant has been posted.

b) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, shall be transferred by the Company to the fund established by the Company under sub-section (1) of section 205 (C) of the Companies Act, viz.: "Investors Education and Protection Fund"

c) There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

CAPITALISATION OF PROFITS

Article 82 provides that,

The Board may resolve:

i. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the Company's profit and loss account or otherwise, as available for distribution, and

ii. that such sum be accordingly set free for distribution in the manner specified herein below in sub-article 82(iii) as amongst the Members who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

iii. The sum aforesaid shall not be paid in cash but shall be applied either in or towards:
   a) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
   b) paying up in full, un-issued Shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Members in the proportions aforesaid; or
   c) partly in the way specified in sub-article (a) and partly in the way specified in sub-article (b).

RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

Article 83 provides that,

Whenever such a Resolution as aforesaid shall have been passed, the Board shall:

a) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid Shares or Securities, if any; and

b) generally do all acts and things required to give effect thereto.

DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

Article 84 provides that,

(a) If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

DIRECTORS ETC. NOT LIABLE FOR CERTAIN ACTS

Article 85 provides that,

Subject to the provisions of Section 201 of the Act, no Director, Manager, officer or employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, officer or employee or for joining in any receipts or other act for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency, or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any Person with whom any moneys, Securities or effects shall be deposited or for any loss occasioned by an error or judgment or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through his own negligence, default, misfeasance, breach of duty or breach of trust.

AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

Article 86 provides that,

i) The Members shall vote on all the Shares owned or held in record by such Members at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.

ii) The Members shall not pass any resolution or take decision which is contrary to any of the terms of these Articles.

GENERAL AUTHORITY

Article 88 provides that,

Wherever in the Companies Act, 1956, it has been provided that any Company shall have any right, privilege or authority or that any Company cannot carry out any transaction unless it is so authorised by its Articles, then and in that case this Article hereby authorises and empowers this Company to have such right, privilege or authority and to carry out such transaction as have been permitted by the Companies Act, 1956, without there being any other specific Article in that behalf herein provided.

INDEMNITY

Article 89 provides that,

i) Subject to the provisions of the Act, every director, manager and other officer or servant of the company (including his successors, assigns, estate, heirs and personal representatives) shall be indemnified against, and it shall be the duty of the directors to pay out of the funds, investments, borrowings of the company, all claims made and/or all costs, damages, losses and expenses (including without limitation, any legal, accounting and other expenses for defending any actions or threatened actions) which any such director, manager or other officer or servant or any person on his/their behalf may incur or become liable to by reason of any guarantee or surety given by him or them for and/or in connection with and/or in relation to the company or any contract entered into or in any way in the discharge of his duties and in particular and so as not to limit the generality of the foregoing provisions against all liabilities including expenses, incurred by him as such director, manager, officer or servant in defending proceedings whether civil or criminal, in which judgment is given in his favour or he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately become payable by the Company to the respective director, manager and other officer or servant of the Company and attach as a lien on the property/ies of the company and shall rank in priority as between the members and creditors over any claims whatsoever.

ii) Where any director, shareholder, officer or agent of the Company has given any security, guarantee, stood as a surety or given any assurance in connection with and/or in respect of any financial assistance or borrowings by or for any matter connected with Company or its business to any person and in the event such security/ guarantee/ surety or assurance is invoked and/or change in the control or management of the Company is proposed/ intended, then in that event the company shall forthwith pay to such director(s)/ shareholders / officer/ agent to the extent of the face value (the liability) of such security /guarantee/surety and unless such payment is made by the Company, no change in the shareholding or management or control or Directors of the Company shall take place and any such change in shareholding or management or control or directors of the company if made shall be void and ineffective.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at Registered Office from 11.00 a.m. to 5.00 p.m. on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Material contracts

1. Memorandum of understanding dated September 17, 2009 between our Company and the BRLM.

2. Memorandum of understanding dated September 9, 2009, between our Company and the Registrar to the Issue.

3. Escrow agreement dated [•] between our Company, BRLM, Escrow Collection Banks, and the Registrar to the Issue.

4. Syndicate agreement dated [•] between our Company, the BRLM and the Syndicate Members.

5. Underwriting agreement dated [•] between our Company, the BRLM and the Syndicate Members.

Material documents

1. Certificate of incorporation.

2. Our Memorandum and Articles of Association, as amended till date.

3. Board resolutions dated June 22, 2009 and September 6, 2009 authorising the Issue.

4. Resolution of shareholders passed at the AGM dated July 31, 2009, authorising the Issue.

5. Resolution dated April 15, 2008 of the shareholders at the annual general meeting for appointment of Mr. Navneet Goenka and Mr. Nitin Goenka as Managing Directors of the Company.

6. Consents of M/s. B. Khosla & Co. and M/s. Haribhakti & Co., the Auditors of the Company for inclusion of their report dated March 6, 2010 in this Red Herring Prospectus.

7. Copies of annual reports of our Company and our subsidiaries for the past five financial years.

8. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Banker to the Issue, lenders to the Company, legal advisors to the Issue, IPO Grading Agency, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

9. Agreement dated April 21, 2009 between our Company and Mr. Navneet Goenka and Mr. Nitin Goenka as the Managing Directors of the Company.

10. Statement of Tax Benefits dated March 6, 2010by M/s. B. Khosla & Co. and M/s. Haribhakti & Co.

11. In-principle listing approval dated December 4, 2009 and November 12, 2009 from NSE and BSE,

respectively.

12. Agreement between NSDL, our Company and the Registrar to the Issue dated September 8, 1009.

13. Agreement between CDSL, our Company and the Registrar to the Issue dated December 24, 2009.

14. Report of the IPO Grading Agency dated March 6, 2010.

15. Due diligence certificate dated September 25, 2009 to SEBI from the BRLM.

16. Letter dated March 8, 2010 issued by Agrawal Shukla and Co., Chartered Accountants as regards estimated net current assets and working capital ratios for Fiscal 2011 and Fiscal 2012 of the Company.

17. Letter dated March 8, 2010, issued by Agrawal Shukla and Co., Chartered Accountants as regards estimated net current assets and working capital ratios for Fiscal 2011 and Fiscal 2012 of M.B. Diamonds LLC.

18. SEBI observation letter no. CFD/DIL/SM/182951/2009 dated November 11, 2009, SEBI observation letter no.CFD/DIL/SM/189669/2010 dated January 5, 2010 and SEBI observation letter no.CFD/DIL/SP/RG/ 197498/2010 dated March 5, 2010.

DECLARATION

All relevant provisions of the Companies Act. 1956 and guidelines issued by the Government of India or the regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act. 1992. as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956. the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS:

Mr. Nand Lal Goenka :

Mr. Navneet Goenka :

Mr. Nitin Goenka :

Dr. A.C. Shah :

Mr. Vijay G. Kalantri :

Mr. S.N. Sharma :

SIGNED BY THE CHIEF FINANCIAL OFFICER:

Mr. Navneet Goenka :

SIGNED BY THE CHIEF EXECUTIVE OFFICER:

Mr. Nitin Goenka :

SIGNED BY THE COMPLIANCE OFFICER:

Ms. Hemangi Shailesh Patil :

Date : March 15, 2010

Place : Mumbai

I C R A Limited
An Associate of Moody's Investors Service

CONFIDENTIAL

Ref No: 2009-10/775/4262
March 6, 2010

M/s. Goenka Diamond & Jewels Limited
1305, Panchratna, Opera House
Mumbai - 400 004

Dear Sir,

Re : <u>ICRA Grading of Initial Public Offer of 1,00,00,000 Equity Shares of Rs.10 each to be issued by Goenka Diamond & Jewels Limited to the Public ("IPO")</u>

Please refer to your mandate letter dated August 29, 2009 for grading the IPO of Goenka Diamond & Jewels Limited. The Rating Committee of ICRA, after due consideration, has assigned the "**IPO Grade 2**" (pronounced Initial Public Offer Grade two) to the captioned IPO programme. This grading indicates below average fundamentals.

In any of your publicity material or other document wherever you are using the above grading, it should be stated as "IPO Grade 2". We would appreciate if you can sign on the duplicate copy of this letter and send it to us as a token of your acceptance of this letter. The rationale for assigning the above grading will be sent to you in due course.

Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timelines, or completeness of such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such Issuer nor can it be considered as an authentication of any of the financial statements of the company and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA is provided on an "as is" basis, without representations and warranties of any nature.

This grading is specific to the terms and conditions of the proposed IPO issue as was indicated to us by you and any change in the terms or size of the IPO would require the grading to be reviewed by us. If there is any change in the terms and conditions or size of the rated IPO, as above, the same must be brought to our notice before the issue of the IPO. If there is any such change after the grading is assigned by us, it would be subject to our review and may result in change in the grading assigned.

ICRA reserves the right to suspend, withdraw or revise the above grading at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the aforesaid grading assigned to you.

..2/-

Electric Mansion, 3rd Floor,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025.

Tel.: +91 22 24331046 / 53 / 62 / 74 / 86 / 87
+91 22 24362044 2432 9109 , 30470000
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website : WWW.ICRA.IN
email :mumbai@icraindia.com

Regd.Office :Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110 001

The grading, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Equity Shares to be issued by you. If the instrument rated, as above, is not issued by you within a period of 2 months from date of this letter communicating the grading, the same would stand withdrawn unless revalidated before the expiry of 2 months.

You are required to keep us forthwith informed of any developments (including any default or delay in repayment of interest or principal amount of any debt instruments/ borrowing or proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts) which may have a direct or indirect impact on the grading assigned to the aforesaid IPO programme.

We thank you for your kind co-operation extended during the course of the grading exercise. Should you require any clarification, please do not hesitate to get in touch with us.

With kind regards,

Yours sincerely,
for ICRA Limited

ANJAN DEB GHOSH
Senior Group Vice President &
Head – Corporate Sector Ratings

SUBRATA RAY
Senior Vice President &
Head – Corporate Sector Ratings

GOENKA DIAMOND & JEWELS LIMITED

Issue Details

Goenka Diamond & Jewels Limited proposes to come out with an Initial Public Offer (IPO) of 10 million shares of face value Rs. 10 each, through the book building route . Of the total issue, 50% would be reserved for Qualified Institutional Buyers (QIBs), 15% for non-institutional investors, and 35% for retail investors. . Post-IPO, the shares will be listed on Bombay Stock Exchange and the National Stock Exchange.

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily to:

- Establishment of G WILD Stores
- Establishment of CERES Stores
- Working capital requirement for jewellery business
- Establishment of jewellery manufacturing facility
- Establishment of diamond processing facility
- Investment in our Subsidiary
- Meet general corporate purposes
- Meet expenses of the proposed IPO

Analyst Contacts:

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Relationship Contacts:

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+91-22-3047 0005

Website:
www.icra.in

IPO Grading

ICRA has assigned an IPO Grade 2, indicating below average fundamentals, to the proposed IPO of Goenka Diamond & Jewels Limited (GDJL). ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia, business* and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

Strengths

- Established player in the cut and polished diamond (CPD) business
- Foray into jewellery retailing to drive revenue and profitability in the future
- Relatively higher margins because of presence in bigger size diamonds and studded jewellery retail business
- Advantages derived from integrated operations with presence across the value chain, in-house designing facility and close involvement of the promoters

Concerns

- The CPD business is characterised by high competitive pressures, inherently low value addition and correspondingly modest margins
- Currently challenging operating environment for CPD exports leading to pressure on margins, delay in realization of export proceeds and build up of inventory
- Challenges involved in scaling up the retail businesses, where the company's track record is limited; competition from both established chains as well as strong local players
- Exposure to forex risks could lead to variability in earnings
- High working capital intensity in both the CPD as well as the retail business

Grading Rationale

The assigned grading takes into account the company's established position in the cut and polished diamond (CPD) business, and its successful foray in the retail jewellery business which has higher margins and is expected to drive the company's growth and profitability in the future . The grading is constrained by the execution risks involved in scaling up the retail business where its track record is limited and competitive pressures high, the challenging operating environment that all CPD companies are currently facing leading to pressure on margins, delay in realization of export bills and build-up of inventory and the inherently high working capital intensity in both the businesses which would constrain the company's ability to generate free cash flows.

In the traditional business line of CPD exports, GDJL's focus has been on gaining expertise in processing of large size (high carat) diamonds which provides higher margins. This business consists of trading, cutting and polishing of diamonds. The company has recently forayed into the manufacturing and retail of jewellery under 'CERES and 'G WILD' brands. In 2008-09, diamond processing business accounted for above 75% of the total income with the jewellery business accounting for the balance.

The diamond industry is very fragmented, with low value addition and is characterized by high competition. Players typically have low margins and the working capital intensity is high arising from the long conversion cycle involved as well as delays in realization of export proceeds, especially in the current scenario of demand slowdown. However, GDJL benefits by virtue of its presence in larger size diamond, where competition is relatively lower, and its long presence in this business and established relationship with both customers as well as suppliers of rough diamonds

As a diversification measure, GDJL ventured into manufacturing and marketing of studded jewellery since July 2008. GDJL markets its studded jewellery products under the brand name of 'G Wild' and 'CERES'. The margins in this business are significantly higher due to the higher value addition, brand salience and sale to the end customer. The IPO proceeds would be primarily used in setting up a chain of retail stores across the country. However, stiff competition from both established chains as well as strong local players coupled with company's limited track record in the retail jewellery business entails significant challenges for GDJL in scaling up this business.

With the foray in the retail jewellery space, GDJL has become a fully integrated player having presence across the various segments of the value chain. The company also benefits from presence of in-house designing team.

The company's revenues have shown a strong growth over the last few years, driven by both the CPD business as well as its entry in the retail business. The margins and profitability indicators, which have been showing an increasing trend since 2007-08 remained stagnant in 2008-09 because of the overall slowdown in the key export markets and the consequent impact on realisations in the CPD business segment. Going forward , the company's ability to scale up successfully in the retail business would be critical for its growth and profitability

Company Profile

Goenka Diamond & Jewels Limited (GDJL), the flagship business establishment of the Goenka group, is a closely held limited company established in the year 1990. The company is recognized as one of the leading manufacturer and trader of cut and polished diamonds (CPDs) in the country. The company is also engaged in manufacturing and marketing of studded jewellery through its retail stores - 'G Wild' and 'CERES'. GDJL has state of the art facilities at Surat (Gujarat) and Goregaon (Mumbai) for manufacturing CPDs and studded jewellery.

Promoters and Management

GDJL was incorporated in November 1990 as — Goenka Exports Private Limited (GEPL). By virtue of section 43(A) of the Companies Act, GEPL became a deemed public company with effect from July 1, 1997. Subsequently, in January 2002, the company became a public company in the name of - Goenka Exports Limited. The name of the company was changed to — Goenka Exports Private Limited following a special resolution in the extraordinary general meeting held in November 2004. The company changed its name to - Goenka Diamond and Jewels Private Limited pursuant to a special resolution at the extraordinary general meeting held in March 2008. In April 2008, the company was converted into a public limited company and its name was changed to its present name - Goenka Diamond and Jewels Limited.

GDJL was promoted by Mr. Nand Lal Goenka and his sons, Mr. Navneet Goenka and Mr. Nitin Goenka and have significant experience (from 10 to 40 years) in the gems and jewellery industry. GDJL's management team has qualified personnel with significant experience in various areas of the gems and jewellery industry. Its Board of Directors has six Directors, of whom three are Independent directors. Currently, the promoters and promoter group hold 100% of the paid-up capital of GDJL.

GDJL has one subsidiary, M B Diamonds LLC, Russia, which is in the business of treatment of diamonds, precious and semi-precious stones, manufacture of jewellery, trading, retailing, exporting and importing of the aforesaid precious and semi-precious stones and metals. The other companies in the Group include - Goenka Jewellers, Nand Lal Goenka HUF, Goenka Entertainments Private Limited, Goenka Infra Projects Private Limited, Goenka Properties Private Limited, Goenka Infra Builders Private Limited, Goenka Diamonds Private Limited, Geet Holdings Private Limited, Sonam Complex Private Limited and Yash Complex Private Limited

Business & Competitive Position

Diamond processing dominates the overall business with a contribution of over 75% of the total sales in 2008-09

Over the years, diamond processing has been the main business of GDJL and the same contributed to over 75% of the total sales in 2008-09. GDJL has a wide product range comprising of CPD's in different sizes, colours and shapes. The product portfolio comprises various cuts including Round Brilliant Cut, Hearts & Arrows, fancy shapes (Marquise, Pear, and Princess), etc. The company also holds an international patent to special cuts of 129, 145, and 169 facets (developed in-house). The company is a player in the high value diamond segment with approximately 70-75% of its sales constituted by diamonds in the above US$600 price range (which generally corresponds to CPDs above 1 carat). GDJL's CPDs have an average realization of $1000 per carat.

Traditionally Hong Kong and USA have been the key markets for GDJL, slowdown in the key markets partially offset by company's growing focus towards domestic and new markets like Malaysia

Traditionally, the exports profile of GDJL has been dominated by Hong Kong and USA which accounted for over 95% of the total revenues till 2006-07. Given the major slowdown seen in the markets of USA and Europe, the company, in the last couple of years, consciously reduced its dependence on this market and has been exploring newer markets like Malaysia. Also, during the same period, the company's sales mix witnessed a major shift towards bigger size diamonds, which usually commands higher margins Additionally, GDJL has increased its exposure to the domestic market in order to de-risk its geographic sales profile.

Indian CPD industry yet to completely ride out of the tough conditions it faced during 2008-09

In 2008-09, the Indian CPD industry faced an unprecedented slowdown in demand on the back of severe financial crisis across the globe. The slowdown in demand was accompanied by a drop in prices of both rough as well as finished diamond and build up of both receivables as well as unsold inventory. While there has been some revival in both demand as well as prices in recent times, the industry is yet to completely ride out of the tough conditions it faced last year

India's CPD exports for the periods ending:

Particulars	FY08	FY09	% change	H1FY09	H1FY10	% change
CPD						
Amount (Rs. Crore)	57,117	58,649	2.7%	37,992	38,277	0.8%
Amount (USD Million)	14,194	13,025	-8.2%	8,877	7,888	-11.1%
Quantity (Crore carats)	4.3	4.0	-6.7%	2.3	2.2	-2.7%
Value per carat (Rs.)	13,261	14,588	10.0%	16,589	17,177	3.5%
Value per carat (USD)	330	324	-1.7%	388	354	-8.7%
Exchange Rate* in Rs. for 1 US$	40.24	45.03	12%	45.56	48.44	6.3%
Source: GJEPC, *Exchange rates assumed by GJEPC based on RBI average rates						

.... Studded jewellery sales witness a robust growth in FY09

As a diversification move, GDIL ventured into manufacturing and marketing of studded jewellery since July 2008. In 2007-08, the jewellery sales accounted for an approximate of 18% of the total sales amounting to Rs. 36 crore. In 2008-09, jewellery sales increased to around Rs. 100 crore witnessing a robust growth of 170%. GDJL markets its studded jewellery products under the brand name of 'G Wild' and 'CERES'. The company has set-up five retail outlets for 'G Wild' in FY 2008-09. Out of the five outlets, two are located in Mumbai, while the rest are based in Delhi, Chandigarh and Ludhiana. The 'G Wild' collection is meant to cater to the demands of younger generation. Additionally, GDJL has recently (March 2009) started to market its high-end jewellery collection priced at Rs. 5 lakh and above. The company sells this collection under the brand name of 'CERES' through a retail outlet in Mumbai (Bandra).

IPO proceeds to be used to expand its diamond jewellery stores

As a part of the strategy to expand its retail presence, GDJL has planned to establish a total of 19 stores (17 stores of G Wild and 2 stores of Ceres) over the next two yeas . The company has proposed to deploy Rs. 4.9 crore, from the net proceeds of IPO for establishing 17 G WILD Stores in 17 cities in fiscal 2010 and 2011. All the proposed G WILD stores will be operated by the company and will be taken on lease. GDJL also plans to expand its retail presence to target high end customers through its CERES stores. The company has planned to open two CERES stores in the next two fiscal years and has proposed to deploy Rs. 2.1 crore from the net proceeds. A total of Rs 848.5 million from the IPO proceeds would be used for funding the working capital required in the business.

Key challenges in retail business

In ICRA's opinion, the key challenges that the company would need to contend with in this business would include competition from established players on the one hand, and a large number of local players with strong brand equity and loyal customer base on the other. Given the highly working capital intensive nature of the operations, ensuring quick asset turnover would be critical for maintain growth and profitability. ICRA notes that while the performance of the existing stores has been satisfactory, the company's ability to replicate the success as it enters other Metros and a host of Tier II cities for the G WILD brand remains to be seen. Also, a crucial issue in scaling up would be the ability to attract competent professionals since there is currently high dependence on the promoters for the business.

Financial Position

Profitability and Earnings

Table 2: Financial Highlights

In Rs. million	2004-05	2005-06	2006-07	2007-08	2008-09
Operating Income	277.5	385.1	748.5	2005.6	4437.8
Y-o-Y	2.3%	38.8%	94.4%	168.0%	121.3%
OPBDITA	9.4	16.1	69.6	171.0	257.7
OPBDITA/OI	3.4%	4.2%	9.3%	8.5%	5.8%
PAT	3.0	4.7	27.1	124.1	273.8
PAT/OI	1.1%	1.2%	3.6%	6.2%	6.2%
RONW	1.1%	1.7%	9.2%	33.6%	48.3%
ROCE	2.1%	4.2%	16.3%	30.1%	35.1%

Y-o-Y: Year-on-Year, OI: Operating Income; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; PAT: Profit After Tax; RONW: Return on Net Worth; ROCE: Return on Capital Employed

GDJL's topline has witnessed a strong CAGR of ~74% over the period 2004-2009. Robust growth in the topline was led primarily by commencement of manufacturing operations and change in sales mix towards bigger size diamonds in FY 2006-07 and introduction of studded jewellery business in FY 2008-09.

The company's presence in the bigger size diamonds market coupled with jewellery sales has enabled GDJL to enjoy better margins as compared to some of its competitors. Owing to healthy margins in the last three years, the company's return indicators, viz., ROCE and RONW have also witnessed an uptrend.

Financial Leverage

Table 3: Capital Structure

In Rs. Million	2004-05	2005-06	2006-07	2007-08	2008-09
Total Debt	105.3	95.0	168.1	216.6	516.7
Net Worth	276.4	281.1	308.2	430.9	703.3
Total Debt/Net Worth	0.4	0.3	0.5	0.5	0.7

GDJL's gearing as on March 31, 2009 stood at a comfortable 0.7 times. The company's favourable capital structure is attributed to its strong accretion to reserve and conservative dividend policy. The company's debt requirements are entirely working capital based.

Working Capital

Table 4: Working Capital Indicators

	2004-05	2005-06	2006-07	2007-08	2008-09
Debtor (days)	240	274	284	174	203
Creditor (Days)	75	76	135	98	158
Inventory (Days)	261	78	68	26	49
NWC / OI	122%	84%	56%	29%	24%

The receivables position has been historically stretched even though it showed a marginal improvement in 2007-08. In 2008-09, weak global demand resulted in stretched receivables for GDJL, necessitating extended credit periods from its suppliers and higher utilisation of bank limits by the company.

Contingent Liabilities

Table 5: Contingent Liabilities

Outstanding as on March 31, 2009	In Rs. million
Corporate Guarantee	69.3
Income Tax Matters	3.4
Total	72.7

Corporate governance

Currently GDJL's board has six directors, of which the Chairman of the Board is an executive director. In compliance with the requirements of clause 49 of the listing agreement, the company has three executive directors and three independent Directors. This satisfies clause 49 requirements, which states that a company with executive chairman should have at least half of the board comprising of independent directors.

In terms of the clause 49 of the listing agreement, the company has also constituted the following committees:
(a) Audit Committee;
(b) Shareholders/ Investor Grievance Committee; and
(c) Remuneration Committee

Compliance and Litigation History

GDJL is involved in some legal proceedings (over disputes relating to income tax, statutory non compliance with Section 295 of the Companies Act and civil proceeding with respect to sale of residential flat) that are at various stages of adjudication by city courts, high courts and various tribunals. The overall amount involved is not significant.

November 2009

ICRA Limited

An Associate of Moody's Investors Service

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