



RATANCHAND JEWELLERS LIMITED

[Our Company was incorporated as a private limited company under the Companies Act, 1956 by the name "Ratanchand Jewellers Private Limited" on August 01, 2005. Consequent to the conversion into public limited company, the name of our company was changed to "Ratanchand Jewellers Limited" vide fresh certificate of incorporation granted by the Registrar of Companies, Karnataka, Bengaluru ("RoC") on December 02, 2010. For further details in this regard, see section titled "History and Corporate Structure" on page 109.]

Registered Office: No. 29, Golden Chambers, Lalbagh Fort Road, Minerva Circle, Bengaluru – 560 004, Karnataka, India.

Tel. No.: +91 80 4087 0000; **Fax No.:** +91 80 4091 6080

Compliance Officer: Mr. K. N. Surya Prakash, **E-mail:** ipo@ratanchand.co.in, **Website:** www.ratanchand.co.in

PROMOTERS OF OUR COMPANY: MR. LALITH R RAMANI, MS. VIJAYA L RAMANI AND MR. NITESH L RAMANI

PUBLIC ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF RATANCHAND JEWELLERS LIMITED (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 UPTO RS. 15,000 LAKHS (THE "ISSUE"). THE ISSUE INCLUDES A RESERVATION OF UPTO 1% OF THE ISSUE SIZE CONSTITUTING [●] EQUITY SHARES FOR THE ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE [●] % AND [●] % OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF OUR COMPANY, RESPECTIVELY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE DAY THE BID/ISSUE OPENS.

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

The Issue is being made through the Book Building Process in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations"), wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company may, in consultation with the Book Running Lead Managers, allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIBs in proportion to their Bids. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net 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. Further, upto 1% of the Issue size, constituting [●] Equity Shares, shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. All Investors other than Anchor Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention is invited to chapter titled "Issue Procedure" on page 198.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of the Issuer, there is no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 each 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 and justified by our Company in consultation with the Book Running Lead Managers, as stated in chapter titled "Basis for Issue Price" on page 73 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 entire 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 the Issuer 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 Draft Red Herring Prospectus. **Specific attention of the investors is invited to the Statement of Risk Factors given under section titled "Risks Factors" on page 12.**

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft 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 Draft 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.

IPO GRADING

Our company has been graded by [●] as [●], indicating [●]. For details, please see section 'General Information' on page 38 of this Draft Red Herring Prospectus.

LISTING ARRANGEMENT

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS



PNB INVESTMENT SERVICES LTD.

(A wholly owned subsidiary of Punjab National Bank)



Karn Merchant Bankers Limited

Select Structured Solutions



KARVY

Karvy Computershare Private Limited

PNB Investment Services Limited

11th Floor, Dalamal House,
Nariman Point,
Mumbai – 400-021.

Tel. No.: +91 22 4347 4030 – 33

Fax No.: +91 22 2202 0056

Email: mb@pnbisl.com

Website: www.pnbisl.com

Contact Person: Mr. D. Subrahmanyam

SEBI Registration No: INM 000011617

Karn Merchant Bankers Limited

EC-41, Sector- 1,
Salt Lake City,
Kolkata- 700 064.

Tel. No.: +91 33 2334 3922/ 23

Fax No.: +91 33 2334 3924

Email: rjl.ipo@karnbanker.com

Website: www.karnbanker.com

Contact Person: Mr. Karn Vats

SEBI Registration No.: INM 000011153

Karvy Computershare Private Limited

Plot Nos. 17-24, Vittal Rao Nagar, Madhapur,
Hyderabad- 500 081.

Toll Free No. 1-800-345001

Tel. No.: +91 40 4465 5000

Fax No.: +91 40 2343 1551

Email: rjl.ipo@karvy.com

Website: www.karvycomputershare.com

Contact Person: Mr. M. Murali Krishna

SEBI Registration No.: INR 000000221

BID/ISSUE PROGRAM*

BID/ISSUE OPENS ON: [●]*

BID/ISSUE CLOSES ON: [●]*

* Our Company may consider participation by Anchor Investors. Anchor Investor Bid/Issue Period shall be one working day prior to the Bid/Issue Opening Day.

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SECTION I - DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise requires, in the Draft Red Herring Prospectus, all references to “we”, “us”, “our” and “our Company” are to Ratanchand Jewellers Limited.

Company Related Terms

Term	Description
Articles/ Articles of Association	Articles of Association of our Company
Auditor	The statutory auditor of our Company, being M/s Hiremath & Co., Chartered Accountants
Board/Board of Directors	Board of Directors of our company including a duly constituted committee thereof
Directors	Directors of Ratanchand Jewellers Limited, unless otherwise specified
Management Personnel	Those individuals described in “Our Management” on page 113 of this Draft Red Herring Prospectus
Memorandum/ Memorandum of Association	Memorandum of Association of our Company
Group Companies	Companies, firms and ventures etc. promoted by our Promoters, irrespective of whether such entities are covered under Section 370(1)(B) of the Companies Act or not and disclosed in chapter titled “Promoters and Group Companies” beginning on page 128 of this Draft Red Herring Prospectus.
Promoter Group	Companies, individuals and entities (other than companies) as defined under Regulation 2 sub-regulation (1) (zb) of the SEBI ICDR Regulations and disclosed in chapter titled “Promoters and Group Companies” beginning on page 130 of this Draft Red Herring Prospectus.
Promoter(s)	The Promoters of our Company namely, Mr. Lalith R Ramani, Ms. Vijaya L Ramani and Mr. Nitesh L Ramani
Proposed Retail Stores	Retail stores of our Company for which development costs are proposed to be funded through the Net Proceeds. The total number of Proposed Retail Stores is 12.
Registered Office of our Company	No. 29, Golden Chambers, Lalbagh Fort Road, Minerva Circle, Bengaluru – 560 004, Karnataka, India.

Issue Related Terms

Term	Description
AI CAN/Anchor Investor Confirmation of Allocation Note	The note or advice or intimation of allocation of the Equity Shares sent to the Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof.
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company in consultation with the BRLMs prior to the Bid/Issue Opening Date.
Anchor Investor Bidding Date	The date one day prior to the Bid/Issue Opening Date prior to or after which the Syndicate will not accept any Bids from Anchor Investors.
Anchor Investor Issue Price	The price at which Allotment will be made to Anchor Investors in terms of the Prospectus, which shall be higher than or equal to the Issue Price, but not higher than the Cap Price.

Term	Description
Anchor Investor Pay-in Date	In case of Anchor Investor Issue Price being higher than Anchor Investor Allocation Price, no later than two days after the Bid/Issue Closing Date.
Anchor Investor Portion	The portion of the Net Issue available for allocation to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, in accordance with the SEBI Regulations, being upto 30% of the QIB Portion or upto [●] Equity Shares.
Anchor Investors	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least Rs. 1,000 Lakhs.
ASBA Form	<p>The form, whether physical or electronic, used by an ASBA Bidder to submit a Bid through a Self Certified Syndicate Bank which contains an authorization to block the Bid Amount in an ASBA Account and would be considered as an application for Allotment to ASBA Bidders in terms of the Red Herring Prospectus and the Prospectus</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.</p>
ASBA Investor	An Investor who intends to apply through ASBA process and is applying through blocking of funds in a bank account with the SCSB.
ASBA Revision Form	<p>The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s)</p> <p>Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Revision Forms are available for download from the websites of the Stock Exchanges.</p>
ASBA/ Application Supported by Blocked Amount	An application whether physical or electronic, used by all Bidders to make a Bid authorising a SCSB, either directly or through the Syndicate Members, to block the Bid Amount in their specified bank account maintained with the SCSB.
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI, in this case being [●]
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in “Issue Procedure” on page 191 of this Draft Red Herring Prospectus.
Bid	<p>An indication to make an offer during the Bid/ Issue Period by a Bidder, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto.</p> <p>For the purpose of ASBA Bidders, it means an indication to make an offer during the Bidding/ Issue Period by an ASBA Bidder pursuant to the submission of ASBA Bid cum Application Form to subscribe to the Equity Shares.</p>
Bid /Issue Opening Date	Except in relation to Anchor Investor, the date on which the members of the Syndicate and the SCSBs will start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national daily newspaper, a Hindi national daily newspaper and a regional newspaper, where the Registered Office of our Company is situated, each with wide circulation.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue

Term	Description
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
Bid/Issue Closing Date	Except in relation to Anchor Investor, the date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a regional newspaper where the Registered Office of our Company is situated, each with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Schedule XI of the SEBI ICDR Regulations, 2009, in terms of which this Issue is being made.
BRLMs/Book Running Lead Managers	Book Running Lead Managers to this Issue, in this case being PNB Investment Services Limited and Karn Merchant Bankers Limited.
CAN/Confirmation of Allocation Note	<p>The note or advice or intimation of Allocation of Equity Shares sent to the successful Bidders who have been Allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof</p> <p>In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof.</p>
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Controlling Branches	Such branches of the SCSBs which co-ordinate 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 or at such other website as may be prescribed by SEBI from time to time.
CSEZ	Cochin Special Economic Zone
Cut-off Price	<p>Any price within the Price Band finalised by our Company in consultation with the Book Running Lead Managers. A Bid submitted at Cut-Off Price is a valid price at all levels within the Price Band.</p> <p>Only Retail Individual Bidders are entitled to Bid at the Cut-off Price, for a Bid Amount not exceeding Rs. 2,00,000. No other category of Bidders are entitled to Bid at the Cut-off Price</p>
Depositories Act	The 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
Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms and a list of which is available on http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Designated Date	The date on which funds are transferred from the Escrow Account to the Issue Account or the Refund Account, as appropriate, or the

Term	Description
	amount blocked by the SCSB is transferred from the bank account of the ASBA Bidder to the Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars of the price at which the Equity Shares are issued and the number of equity shares on offer.
Eligible Employee	<p>All or any of the following:</p> <p>i. A permanent and full-time employee, working and present in India or abroad, of our Company, if any as on the date of Draft Red Herring Prospectus and who continues to be based, working and present in India and in employment of our Company until submission of the Bid cum Application Form;</p> <p>ii. a Director of our Company, whether a whole time Director or a part time Director, as on the date of the Draft Red Herring Prospectus and based, present and working in India as on date of submission of the Bid cum Application Form and who continues to be in employment of our Company until submission of the Bid cum Application Form. It does not include the employees of the Promoters Group.</p> <p>Eligible employees will be allotted Equity Shares for an aggregate amount less than or equal to Rs. 2.00 Lakhs.</p>
Employee Reservation Portion	Upto 1% of the Issue size, constituting [●] Equity Shares, available for allocation to Eligible Employees
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (except ASBA Bidder) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar to the Issue, the Book Running Lead Managers, 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 on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened
ESOS/ESPS	Employee Stock Option Scheme/Employee Stock Purchase Scheme
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form or the ASBA Bid cum Application Form or ASBA Revision Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalised and below which no Bids will be accepted
Indian National	As used in the context of a citizen of India's defined under the Indian Citizenship Act, 1955, as amended, who is not a NRI
Issue	The public issue of [●] Equity Shares of Rs. 10 each for cash at a price of Rs. [●] each aggregating to Rs. 15,000 Lakhs
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the

Term	Description
	BRLMs on the Pricing Date
Issue Proceeds	The proceeds of the Issue that are available to our Company
KMBL	Karn Merchant Bankers Limited
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the Net QIB Portion or [•] Equity Shares available for allocation to Mutual Funds, out of the Net QIB Portion
Net Issue	The Issue less the Employee Reservation Portion.
Net Proceeds	The Issue Proceeds less the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus
Net QIB Portion	The portion of the QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors
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-Institutional Bidders	All Bidders who are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 2.00 Lakhs (but not including NRI's other than eligible NRI's)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Net Issue consisting of [•] Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
NR / Non-Resident	A “person resident outside India”, as defined under FEMA including eligible NRIs and FIIs.
NRI(s) / Non-Resident Indian	A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended).
OCB(s) / 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 trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	With respect to Anchor Investors, it shall be the Anchor Investor Bid/ Issue Period. If the price fixed as a result of Book Building is higher than the price at which the allocation is made to Anchor Investor, the Anchor Investor shall bring in the additional amount. For Bidder other than Anchor Investors, it means the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date;
PNBISL	PNB Investment Services Limited
Price Band	Price band of a minimum price (floor of the price band) of Rs. [•] and the maximum price (cap of the price band) of Rs. [•] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the Book Running Lead Managers finalizes the Issue Price
Project	<ul style="list-style-type: none"> Up-gradation of existing manufacturing facility at Bengaluru Setting up a manufacturing unit in Hyderabad Gems SEZ, Andhra Pradesh Setting up 12 retail stores in the State of Karnataka i.e. Bengaluru (3 stores), Hubli, Shimoga, Belgaum, Rannebennur, Davangere, Chitradurga, Bellary, Hospet and Madikere

Term	Description
	<ul style="list-style-type: none"> Setting up a Branch Office in Dubai To meet the Long Term Working Capital requirement (Domestic Sales & Export Sales) and Brand Building Exercise.
Proposed Unit	Additional Manufacturing unit to be set up in Hyderabad Gems SEZ
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account and from the SCSBs form the Bank Accounts of the ASBA Bidders on the Designated Date
QIB Portion	The portion of the Issue being upto 50% of the Net Issue consisting of [●] Equity Shares of Rs. 10/- each to be allotted to QIBs
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations and includes public financial institutions (defined under Section 4A of the Companies Act), FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, 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, the National Investment Fund set up by resolution number F.No.2/3/2005-DDII dated November 23, 2005 of the Government of India, insurance funds set up and managed by the army, navy and/or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds (excluding to the ASBA Bidders), if any, of the whole or part of the Bid Amount shall be made
Refund Banker	[●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRI's) who have not Bid for Equity Shares for an amount more than Rs. 2.00 Lakhs in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue consisting of [●] Equity Shares of Rs. 10/- each being upto 35% of the Net Issue to be allotted to Retail Individual Bidder(s)
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 (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Stock Exchanges	Bombay Stock Exchange Limited and The National Stock Exchange of India Limited
Syndicate	The Book Running Lead Managers and the Syndicate Member(s)

Term	Description
Syndicate Agreement	The agreement to be entered into between the Syndicate and our Company in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, in this case being [●].
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The agreement among the Underwriters and our Company to be entered into on or after the Pricing Date
VSEZ	Vishakhapatnam Special Economic Zone
Working Day(s) / Business Day(s)	All days other than a Sunday or a public holiday (except during the Bid/ Issue Period where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Bengaluru are open for business

General/ Conventional Terms

TERM	DESCRIPTION
Admin	Administration
AGM	Annual General Meeting.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amounts.
BSE	Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
Companies Act	The Companies Act, 1956, as amended from time to time.
CST	Central Sales Tax Act, 1956, as amended.
EOU	Export Oriented Unit.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment, as laid down in the Consolidated FDI Policy dated April 1, 2010.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
FII	Foreign Institutional Investors, as defined under the FII Regulations and registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
GoI/Government of India/ Central Government	The Government of India.
HUF	Hindu Undivided Family.
I T Act	The Income Tax Act, 1961, as amended from time to time.
I T Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
NAV	Net Asset Value being paid up equity share capital plus free

TERM	DESCRIPTION
	reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued Equity Shares
Non Resident	A person who is not resident in India except NRI's and FIIs.
NRE Account	Non-Resident External Account.
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.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
Ops	Operations.
p.a.	Per annum.
P.O.	Post Office.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number allotted under the IT Act.
PLR	Prime Lending Rate.
Pvt.	Private.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
RoC	Registrar of Companies
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 and its amendments thereof.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SEZ	Special Economic Zone.
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
TAN	Tax deduction account number allotted the IT Act.
UIN	Unique Identification Number
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time

Industry Related Terms

TERM	DESCRIPTION
BG	Bank Guarantee
CAD	Computer Aided Design
CAM	Computer Aided Manufacturing

TERM	DESCRIPTION
Carat	The unit for determining weight of gemstones 1 carat being equal to 0.2 grams
CCTV	Close Circuit Television
DTA	Domestic Tariff Area
ECGC	Export Credit Guarantee Corporation
GJEPC	Gems and Jewellery Export Promotion Council
Jewellery	Ornaments worn by people on the body; trinket; fine jewellery; costume jewellery, junk jewellery; gem, gemstone, precious stone. Forms of jewellery: necklace, bracelet, anklet; earring; locket, pendant, charm bracelet; ring, pinky ring; carcanet, chain, chatelaine; broach, pin, lapel pin, torque
Kg	Kilo Gram
WGC	World Gold Council



SECTION II - GENERAL

PRESENTATION OF FINANCIAL INDUSTRY AND MARKET DATA

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lakhs" means "one hundred thousand" and the word "Crore" means "ten million". In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Draft Red Herring Prospectus, all figures have been expressed in Lakhs unless otherwise stated. All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India.

For additional definitions used in this Draft Red Herring Prospectus, see the section "Definitions and Abbreviations" on page 1 of this Draft Red Herring Prospectus. In the section entitled "Main Provisions of the Articles of Association" on page 229 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company. Industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and other authenticated published data. 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 our Company believes industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

Financial Information

Unless stated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our audited standalone financial statement for the Fiscals 2006, 2007, 2008, 2009 and 2010 and for the nine month period ended December 31, 2010 prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI ICDR Regulations and Indian GAAP which are included in the Draft Red Herring Prospectus, and set out in "Financial Statements" on page 138. Our Fiscal commences on April 1 and ends on March 31 of the next year.

Currency of Presentation

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India.



FORWARD LOOKING STATEMENTS

This Draft 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”, “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 and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- General economic and business conditions in the markets in which our Company operates and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industry in which our Company operates;
- Increased competition in these industries;
- The nature of our contracts with our customers which contain inherent risks and contain certain provisions which, if exercised, could result in lower future income and negatively affect our profitability;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in political and social conditions in India or in other countries that our Company may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections/chapters titled “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 12, 93 and 162, respectively, of this Draft Red Herring Prospectus. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, our Company and the Book Running Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION III - RISK FACTORS

An investment in equity shares involves a high degree of risk. You should consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks or any of the other risks and uncertainties discussed in this Draft Red Herring Prospectus actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effect of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved.

Unless otherwise stated, the financial information of our Company used in this section is derived from our audited financial statements under Indian GAAP, as restated.

Internal Risk Factors

1. We require certain approvals and licenses and the failure to obtain or renew them in a timely manner may adversely affect our operations.

We require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For instance, we are yet to receive clearance from Pollution Control Boards for undertaking manufacturing activities. We are yet to receive the factories license for our unit at Lalbagh Fort Road, in which we commenced operations in January 2011. For further details of pending approvals, please see “Government and Other Approvals” on page 173 of this Draft Red Herring Prospectus. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, our business may be adversely affected. If we fail to comply or a regulator claims that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected.

2. We are substantially dependent on the State Bank of India for the supply of our raw materials and any breakdown in our relationship or failure to supply gold by the suppliers may impact our business and profitability

We are substantially dependant on the State Bank of India, Bengaluru (SBI), which is a designated supplier of gold, for the supply of our raw materials. Gold is supplied on flexible spot-rates linked to the current market benchmark. For the nine months ended December 31, 2010, State Bank of India, Bengaluru accounted for approximately 100% of our raw material supplies. However, we have not entered into any long term agreements with SBI and the arrangement is based on short-term and spot contract basis. In the event there is a breakdown of our relationship with them or they fail to supply gold to us for any reason whatsoever, we may be forced to procure gold from other sources which may lead to time over runs and increased costs which consequently would affect our business and results of operations.

3. Our revenues are highly dependent on a few major clients. The loss of any of these clients may adversely impact our revenues and profitability

Our revenues are highly dependent on a few major clients. The breakdown of business relations with any of these clients could have a material adverse effect on our revenues and profitability, the exact quantum of which is not possible to ascertain as on date. The break – up of our revenues from our major clients is as follows:

(Rs in Lakhs)

Particulars	Nine months ended December 31, 2010	Percentage of total sales (%)	FY 2010	Percentage of total sales (%)	FY 2009*	Percentage of total sales (%)	FY 2008	Percentage of total sales (%)
Top customer	5,329.64	24.64	71,80.81	43.16	9,912.66	84.99	2,127.269	40.52
Top three customers	12,294.21	56.85	14,928.48	89.73	11,443.15	98.11	3,309.06	63.03

4. We have not entered into any long-term contracts with any of our customers and orders are not backed-up by a letter of credit facility

We do not have any long-term contracts with our customers and any change in the buying pattern of the customers could adversely affect the business of our Company. Although we have satisfactory business relations with our customers and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

5. We may fail to attract and retain qualified designers and craftsmen as competition for skilled personnel is intense.

The industry in which we operate is labour intensive and our success depends in large part upon our ability to attract, hire, train and retain qualified designers and craftsmen or karigars. There is significant demand for karigars in India with skills necessary to perform the services. A significant increase in the attrition rate would increase our recruiting and training costs and decrease our operating efficiency, productivity and profit margins and could lead to a decline in demand for our products.

6. Any fluctuation in price and supply of gold, which is a major raw material for the manufacture of our products, could adversely impact our income.

Gold is the primary raw materials used in our manufacturing process. Price of gold is volatile in nature and is linked to the international commodity indices such as Rogers International Commodity Index. Although we source gold and sell our products on an unfixed basis, any increase in the prices of gold shall result in the consequent increase in the price of our products. Such increase in price of our products may adversely affect their demand. However, particularly sharp increases and volatility in commodity costs usually result in a time lag before increased commodity costs are fully reflected in retail prices. Further, any increase in commodity cost is likely to impact demand for our products during high price periods. There is no certainty that such price increase will be sustainable and downward pressure on gross margins and income may occur.

7. We have no operating history in undertaking retail operations which may prohibit us from implementing our growth strategy successfully.

As on date, we operate our unit in Bengaluru as a “100% EoU” and consequently export all the products manufactured by us. We propose to establish retail stores in Karnataka for the marketing of our products in the domestic market. Our limited experience in setting up and undertaking retail operations may hinder our ability to operate the retail outlets in a commercially successful manner. Retail jewellery industry in India is highly fragmented and competitive. If we fail to create a position, the operating results or financial condition will get adversely affected. Aggressive discounting by competitors, including liquidating excess inventory, may also adversely impact our performance in the short term. The development of our retail jewellery business involves various risks such as execution risk, financing risk and effective communication risk. We do not have sufficient experience to address risks, operate retail stores successfully, achieve and maintain satisfactory store sales, maintain adequate inventory and create effective brand awareness. If we are unsuccessful in addressing these issues, our business may be materially and adversely affected.

8. *We have an export obligation in terms of the letter of permission dated August 25, 2008, issued by the Development Commissioner, Ministry of Commerce and Industry, Government of India, and in the event we are unable to meet the obligation, we may have to pay export duty which may affect our profits*

We have received a letter of permission dated August 25, 2008 (“LoP”) issued by the Development Commissioner, Ministry of Commerce and Industry, Government of India. The LoP mandates the export of our entire production/service, excluding rejects and sales in the domestic tariff area as per the provisions of the Foreign Trade Policy for a period of 5 years from the date of commencement of production. In the event we are unable to meet the obligation, we may have to pay export duty which may affect our profits.

9. *Our business is partly dependent on factors affecting consumer spending that are out of our control.*

Jewellery purchases are discretionary and are often perceived to be an exercise in luxury. As a result, our business is sensitive to a number of factors that influence consumer spending. The price of jewellery relative to other products, everyday household as well as luxury items, influences the proportion of consumers’ money that is spent on jewellery. Other factors include general economic conditions, consumer confidence in future economic and political conditions, economic slowdown or fears of economic slowdown, consumer debt, disposable consumer income, conditions in the housing market, consumer perceptions of personal well-being and security, fuel prices, inclement weather, interest rates, sales tax rate increases, inflation, and war or fears of war.

10. *We face significant competition in our line of business. Any failure to compete effectively may have a material adverse effect on our business and operations.*

The Indian domestic retail jewellery industry is highly fragmented and dominated by the unorganized sector, from which the organized retail jewellery sector faces intense competition. The unorganized sector offers their products at highly competitive prices which may not be matched by us when we expand our retail operations in the domestic market, consequent to our expansion plans, which may affect our volume of sales and growth prospects.

11. *We may not be able to achieve our planned rate of expansion which may affect our business and results of operations*

If we are unable to implement our growth strategies successfully, our future growth in revenue and profits may be adversely affected. In order to expand our business operations successfully, we should enhance our production capacity and access new markets and open Project Stores on schedule and operate in a profitable manner. If we are unable to access new markets or open Project Stores on schedule and launch them in a profitable manner, it is likely to impact our ability to meet these expansion plans.

There can be no assurance that we will be able to achieve our expansion goals, in a timely manner, or at all, or that our expansion plans will be profitable. Furthermore, expansion and future growth will increase demands on our management team, systems and resources, financial controls and information systems. These increased demands may adversely affect our ability to open Project Stores. If we fail to continue to improve our infrastructure or to manage other factors necessary for us to meet our expansion objectives, our growth rate and operating results could be adversely affected.

12. *Our failure to keep up with industry trends may affect our results of operations*

New products, such as machine made Italian jewellery, have been contributed to the jewellery industry over the last few years. Although our in house design team has allowed us to maintain a high portfolio of designs and keep pace with the consumers’ requirements, we cannot assure you that we shall be able to consistently keep up with industry trends which may adversely affect our results of operations. Introduction of any new portfolios in jewellery makes and designs may affect our current business. Further, we have not entered into any confidentiality or non-disclosure agreement with any of our karigars and consequently, our jewellery designs may be shared openly in the market which may damage our results of operations.

13. Change in technology may affect our business and financial condition.

Change in industry requirements or competitive technologies may render our existing technologies obsolete. Our ability to adhere to technological changes and standards and to develop/introduce new and enhanced products successfully and on timely basis will play a significant factor in our ability to grow and to remain competitive. We, however, cannot assure you that we will be able to adhere to such technological changes on timely basis and that some of our technologies might not become obsolete. We intend to venture into machine made jewellery which may increase our dependence on technology significantly. We are also subject to risks generally associated with the introduction of new products and their applications, including lack of market acceptance, delay in product development and failure of products to operate properly. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

14. If we are unable to introduce new product in line with the changing consumer preferences, we may face decline in demand for our products.

Jewellery business is subject to changing consumer patterns and preferences, which is difficult to predict. We are required to constantly improvise our product range, understand consumer tastes and preferences, focus on innovative designing and introduce new products and patterns to meet the changing consumer needs. If we are unable to meet consumer expectations, it may adversely affect our competitiveness, reduce our market share, lead to higher inventory costs and decrease our sales.

15. The loss of or shutdown of operations at our production facilities may have a material adverse effect on our business, financial condition and results of operations.

The breakdown or failure of our equipments and/ or civil structure can disrupt our production schedules, resulting in performance being below expected levels. In addition, the development or operation of our facilities may be disrupted for reasons that are beyond our control, including explosions, fires, earthquakes and other natural disasters, breakdown, failure or sub-standard performance of equipment, improper installation or operation of equipment, accidents, operational problems, transportation interruptions and other environmental risks. Although we are highly dependent on our Karigars for the manufacturing of our products, we pay acute reliance on our machinery. Our production facilities are subject to mechanical failure of such machineries. Our machineries may be susceptible to malfunction. If such events occur, the ability of our facilities to meet production targets may be adversely affected which may affect our business, financial condition and results of operations.

Our manufacturing equipments are normally not subject to any replacement, repair and maintenance warranty. Though, we maintain necessary back-up machines for our critical operations, and also maintain adequate stock of imported spare parts for carrying out any immediate repairs, still, if our manufacturing equipment fails and the defect is irreparable, we might not be able to continue manufacture jewellery or may incur substantial cost for replacement. Any failure of our manufacturing equipment could materially adversely affect our business, results of operations and financial condition. Further, the technology for the manufacture of jewellery is complex and is continually being modified in an effort to improve yields product performance. The quality of the raw materials used, impurities such as dust and other contaminants, difficulties in the manufacturing process, or malfunctions of the equipment or facilities used can lower yields, cause quality control problems, and further interrupt the functioning of our manufacturing equipments resulting in losses of products in process.

16. Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.

We are unable to assure you that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may lead to strikes, lock - outs or increased wage demands. Such issues could have an adverse effect on our business, and results of operations.

17. Our exports are predominantly concentrated in Dubai. Economic slowdown and other factors that affect its economic health may affect our business.



A significant proportion of our revenues are derived from clients located in Dubai. For the Fiscal 2010 and 2009 our income from exports to Dubai forms 100% of our total income from exports. Any economic slowdown in Dubai may result in our clients reducing or postponing their spending significantly, which may in turn lower the demand for our products and adversely affect our business, financial condition and results of operations.

18. *We have entered and may continue to enter into certain related party transactions.*

We have entered into transactions with several related parties in the past. For instance, our Promoters have provided certain bank guarantees as security for some of our borrowings. The transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest. For more information regarding our related party transactions, please see “Financial Statements” on page 138.

19. *Our Group Company has not done any business in the past.*

Our Group Company, Ratanchand Mines and Minerals Private Limited, has not done any business in the past as it has not commenced commercial production. For further details of Ratanchand Mines and Minerals Private Limited, please see “Promoters and Group Companies” on page 130.

Risks relating to the objects of the Issue

20. *We are yet to obtain approval for setting up a manufacturing unit at Rajiv Gems Park, Andhra Pradesh from the Vishakhapatnam Special Economic Zone and other concerned authorities. Any delay or dispute in relation to these approvals may have a material adverse effect on our business operations and results thereof.*

We propose to set up a manufacturing unit in Rajiv Gems Park, Ranga Reddy District in Andhra Pradesh. Rajiv Gems Park is a SEZ which has been developed by the Hyderabad Gems SEZ Limited. Our letter of intent (LOI) has been accepted and we have been allotted 6,500 square feet of manufacturing space at Rajiv Gems Park by the Hyderabad Gems SEZ Limited. However, our LOI is subject to the approval of Vishakhapatnam SEZ (VSEZ) and other concerned authorities. There is no assurance that our LOI shall be accepted by or that we will be able to comply with the requirements as set out by VSEZ and such concerned authorities. Any non-compliance by us in relation to any term of such approvals may result in the termination of the approval by Hyderabad Gems SEZ Limited and consequently we will have to vacate the said premises. This shall have a material adverse effect on our business operations.

21. *We have not placed orders for the machinery and equipment that is required for our Projects and as a result, we may face time and cost overruns.*

Our Company has not yet placed orders or enter into definitive agreements for any machinery or equipment for the Projects. The total cost of plant and machinery proposed to be installed at our Projects is estimated to be Rs. 976.00 Lakhs. We have already purchased machinery worth Rs. 100 Lakhs, which is installed at our unit at Minerva Circle, Bengaluru. This purchase forms a part of the total estimated cost for the plant and machinery to be installed at our projects. Any delay in procurement of machinery and equipment may delay our implementation schedule. Delay in procurement may also lead to an increase in cost of these equipments, which may adversely affect our project cost and consequently, our results of operation.

22. *We are yet to initiate the process of recruiting the manpower required for the proposed Projects and any delay in recruiting the suitable personnel or the required number of people to operate the plants effectively may result in time and cost overruns.*

We are yet to recruit the requisite manpower required to undertake and execute our operations at our new plant at Rajiv Gems Park, Andhra Pradesh and for our new unit at Bengaluru respectively. In the event we are unable to recruit the suitable personnel or the required number of people to operate the plants effectively and in time, we may face time and cost overruns, which may have an adverse effect on our business and results of operations.

23. The proceeds of the Issue and our internal accruals may be inadequate to meet the objects of the Issue and our Company may not be able to raise additional capital to fund the project costs which shall adversely affect our business and results of operations

The proceeds of the Issue are expected to meet the cost of up gradation of our existing facility at Bengaluru, setting up of a manufacturing unit at Hyderabad Gems SEZ, setting up of retail outlets, setting up of a branch office at Dubai, brand building expenses and also to meet our incremental working capital requirements. There can be no assurance that the Net Issue Proceeds and our internal accruals will be adequate to finance the Projects, as has been disclosed in “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus. Moreover, we have not made any alternate arrangement to fulfil the aforesaid requirement of funds for the proposed Project. Any delay in raising the funds from this Issue may adversely affect the implementation of the Project and financial performance of our Company.

24. In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of our Projects which would in turn affect the revenues and results of operations of our Company

The funds that our Company receives pursuant to the placement of the Issue portion would be utilized for the objects as has been stated in the section titled “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus. The proposed schedule of implementation of our Project is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may face time and cost overruns and this may affect our revenues and results of operations.

25. The completion of the Projects is dependent on performance of external agencies. Any shortfall in the performance of these external agencies may adversely affect our expansion plans and consequently, our results of operation.

The completion of the Projects is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect our expansion plans.

26. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.

The objects of the Issue have not been appraised by any bank or financial institution. The estimate of costs is based on quotations received from vendors and management estimates. Though these quotes/ estimates have been taken recently, they are subject to change and may result in cost escalation. The requirement of working capital has been determined based on our Company’s estimates in line with the past trends. Any change or cost escalation can significantly increase the cost of the Projects.

27. We have not entered into any definitive agreements for procurement of land on which we propose to establish our retail stores and office space for our branch office in Dubai. We are also yet to apply for the necessary approvals for establishment of our branch office at Dubai

We have not entered into any definitive agreements for procurement of land on which we propose to establish our retail stores in Karnataka, India and office space for our branch office in Dubai. Cost estimation for establishment of our branch office at Dubai has been done at management estimates. Availability of retail space is dependent on a number of factors including the availability of property, the demographic characteristics of the area around the store, availability of appropriate staff, the design and maintenance of the stores, the availability of attractive locations. We cannot assure you that we will be able to procure retail space satisfying the operational and financial criteria laid down for our retail stores. In certain situations we may also have to settle for retail spaces at less attractive markets and jewellery clusters, which may adversely affect our business, financial condition, and results of operation. Similarly, availability of office space is also dependant on a number of factors, such as availability of property and other factors. We cannot assure you that we will be able to procure office

space satisfying our operational and financial criteria. We may also have to settle for office space at less attractive prices which may adversely affect our business, financial condition, and results of operation.

We require certain approvals for setting up of and commence operations at branch office in Dubai. Delay in or non-receipt of such approvals may necessitate rework of plans which may impact the project cost and implementation schedule and adversely affect our growth and results of operations.

28. *We have not entered into any definitive agreements to monitor the utilization of the Issue proceeds.*

The deployment of funds as stated in the “Objects of the Issue” beginning on page 63 of this Draft Red Herring Prospectus is entirely at our discretion and is not subject to monitoring by any independent agency. We have not entered into any definitive agreements to utilise a portion of the Issue proceeds. There has been no independent appraisal of the Project. All the figures included under the section titled “Objects of the Issue” beginning on page 63 of this Draft Red Herring Prospectus are based on our own estimates. In the event, for whatsoever reason, we are unable to execute our plans to set up the Project, we could have a significant amount of unallocated net proceeds. In such a situation, we would have broad discretion in allocating these net proceeds from the Issue without any action or approval of our shareholders. Due to the number and variability of factors that we will analyze before we determine how to use these un-utilised net proceeds, we presently cannot determine how we would reallocate such proceeds. Accordingly, investors will not have the opportunity to evaluate the economic, financial and other relevant information that will be considered by us in the determination on the application of any such net proceeds in these circumstances.

29. *We have not identified alternate sources of financing the ‘Objects of the Issue’. If we fail to mobilize the resources as per our plans, our growth plans may be affected.*

The Projects are sought to be funded from the Issue Proceeds and we have not identified any alternate source of funding for establishment of the Projects. Therefore, any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule of our expansion projects and could adversely affect our growth plans.

30. *Ineffective execution of marketing programs could have an adverse effect on our sales.*

Primary factors in determining customer buying decisions in the retail jewellery sector include customer confidence, price points for our products, designs of jewellery and quality of customer service. We shall undertake brand building exercises and marketing programs to enhance our brand visibility domestically. If these programs are ineffectively executed or the level of support for them is reduced, it could affect our ability to attract customers.

Further, we cannot assure you that we will be able to accurately estimate our marketing expenditure for retail jewellery business. In case our marketing expenses are inadequate for ensuring an effective brand building exercise, our marketing initiative may be ineffective. However, if our marketing expenses are higher than the market standards, it may adversely affect our revenues and results of operations.

31. *Under-utilisation of our proposed expanded capacities may adversely impact our financial performance*

We propose to expand our production capacities based on our estimates of market demand and profitability. In the event of non-materialisation of our estimates and expected order flow for our products, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilised thereby adversely impacting our financial performance.

32. *We are exposed to currency exchange risks which may affect our revenues.*

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. During Fiscal 2010 the value of the Rupee against the U.S. Dollar rose by approximately 5.68% and during Fiscal 2009, the value of the Rupee against the U.S. Dollar fell by approximately 13%. For the period ended 31st Dec, 2010, Fiscals 2010

and 2009, 99.81%, 99.86% and 99.75% of our revenue was on account of overseas clients and was denominated in U.S. Dollars and other foreign currencies. During the same period, 100% of our total expenditure was denominated in Indian Rupees.

We expect that a majority of our revenues will continue to be generated in foreign currencies and that we would attempt to undertake significant portion of our expenses will in Indian Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Rupee and the U.S. Dollar. Any strengthening of the Rupee against the U.S. Dollar could adversely affect our financial condition and results of operations.

33. *We do not own the premises where our branch office is located.*

At present we do not own the premises where our branch office (Murugan Mansion, Bengaluru) is located. In the event the owner of the premises revokes the consent granted to our Company or fails to renew the tenancy, we may suffer disruption in our operations.

34. *We avail certain tax benefits under Income Tax Act, 1961. These tax benefits are available for a definite period of time, which upon expiry or if withdrawn prematurely, may adversely affect our financial condition and results of operations.*

We are eligible, subject to certain conditions, to claim deduction of 100% of the profits and gains derived from the export of goods from 100% export oriented units for ten consecutive assessment years. For further details in relation to the nature of benefits enjoyed by us, see the section titled “Statement of Tax Benefits” on page 76.

Our profitability will be affected to the extent that such benefits shall not be available beyond the period currently contemplated in the relevant notifications/ circulars. Our profitability may be further affected in the future if any of the above mentioned benefits are reduced or withdrawn prior to the respective periods mentioned therein or if we are subject to any disagreements from tax authorities with respect to our application of tax exemptions. There is no assurance that we will continue to enjoy such tax benefits in the future. Any adverse change in Indian tax regulations or policy may result in us losing such benefits and our business, financial condition and results of operations may be adversely affected as a result.

35. *We have significant working capital requirements and our inability to meet our working capital requirements may have an adverse effect on our results of operations.*

Our business requires a significant amount of working capital. Our working capital requirements may increase if credit period against sales is increased or there is a requirement to pay higher price for raw material or to pay excessive advances for procurement of raw materials. We may provide performance guarantees in favour of some of our customers to secure obligations under our contracts. All of these factors may result in increases in our short-term borrowings. In the event we are required to repay any working capital facilities upon receipt of a demand from any lender, we may be unable to satisfy our working capital requirements.

If we are unable to provide sufficient collateral to secure letters of credit or performance guarantees, our ability to enter into new sale contracts or obtain adequate supplies could be limited. There can be no assurance that we will continue to be successful in arranging adequate working capital for our existing or expanded operations on acceptable terms or at all, which could adversely affect our financial condition and results of operations.

Moreover, our existing cash, cash generated from operations and funds available under our credit agreements may be insufficient to fund our future operations, including capital expenditures or to repay debt when it becomes due, and as a result, we may need to raise additional funds through public or private equity or debt financing, including funding from governmental sources, which may not be possible. The sale of additional equity securities could result in significant dilution to our shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common stock. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may restrict our operations. Financing may be unavailable in amounts or on terms acceptable to us, or at all, which



could have a material adverse impact on our business.

36. Theft and other incidences in our manufacturing units and retail stores will adversely impact our profitability.

Theft and shoplifting by our employees and customers may result in loss of inventory. Shrinkage of our inventory can also happen through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed. Any increase in shrinkage levels at our Proposed Retail Stores can adversely impact results from operations. We cannot assure you that such incidences will not occur in future or our security systems are sufficient to prevent such theft.

37. Our Promoters have significant control over us, and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

As on date, our Promoters, together with the members of the Promoter Group, own 100% of our pre-Issue paid up share capital. Our Promoters, together with the members of the Promoter Group, will continue to hold significant control post completion of the Issue. The Promoters have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of our officers and directors and change of control transactions. Promoter's control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. Promoters and members of the Promoter Group may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

38. We cannot assure you that we will pay dividend in future.

We have not paid any dividends in the last five financial years and there can be no assurance that dividends will be paid in future. The declaration of dividends in the future will be recommended by our Board of Directors, at its sole discretion, and will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividend in the future. Further, we may be restricted by the terms of our debt financing from making dividend payments, in the event we default in any of the debt repayment instalments.

39. Our Company and our Group Company have unsecured loans which may be recalled by the relevant lenders at any time.

Our Company and our Group Company have availed unsecured loans. Unsecured loans are repayable on demand and may be recalled by the lenders at any time without notice, or with short notice, upon default or otherwise. If the lenders exercise their right to recall a loan, it could have a material adverse affect on the financial position of our Company and Group Company.

40. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.

Our financing arrangements are secured by our assets. There are certain restrictive covenants in the financing agreements we have entered into with banks and financial institutions for loans and advances. These restrictive covenants inter alia require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, raising of additional equity or debt capital, incurrence of indebtedness, payment of dividends, undertaking any merger, amalgamation, restructuring or changes in management. Our ability to execute expansion plans, including our ability to obtain additional financing on terms and conditions acceptable to us, could be negatively impacted as a result of these restrictions and limitations. In the event that we breach a restrictive covenant, our lenders could deem us to be in default and seek early repayment of loans. An event of default would also affect our ability to raise new funds or renew maturing borrowings as needed to conduct our operations and pursue our growth initiatives. Although we have received consents from our lenders for the Issue, these restrictive

covenants may affect some of the rights of our shareholders. For details of these restrictive covenants, see section titled “Financial Indebtedness” on page 159.

41. *The insurance coverage taken by our Company may not be adequate to protect against certain business risks.*

Our Company maintains general liability insurance coverage in relation to its employees, assets, stocks, properties etc. and to mitigate business risks. Our Company believes that its insurance coverage is generally consistent with industry practice. However, to the extent that any uninsured risks materialize or if it fails to effectively cover it for any risks, it could be exposed to substantial costs and losses that would adversely affect results of operations. In addition, our Company cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that its insurers will not disclaim coverage as to any claims. Our Company has also not availed of key man insurance. A successful assertion of one or more large claims against our Company that exceeds its available insurance coverage or that leads to adverse changes in its insurance policies, including premium increases or the imposition of a large deductible or co-insurance requirement, could adversely affect our Company’s results of operations.

42. *Our success depends largely on our senior management and our ability to attract and retain our key personnel.*

Our success depends on the continued services and performance of the members of our management team and other key employees. If one or more members of our senior management team are unable or unwilling to continue in their present positions, our business could be adversely affected. Attracting and retaining scarce top quality managerial talent has become a serious challenge facing companies in India. Competition for senior management in the industry in which we operate in India is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. As such, any loss of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

43. *Our inability to manage our growth could disrupt our business and reduce our profitability*

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our existing businesses, as well as the development of related businesses and other projects. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. An inability to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

44. *Our Company has issued Equity Shares during the last one year at a price that may be below the Issue Price.*

In the last one year, our Company has issued Equity Shares at a price that may be lower than the Issue Price, the details of which are as follows:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment and Allotees
27/08/2010	15,06,060	10	10	Cash	Preferential allotment to Mr. Lalith Ramani of 4,38,400 Equity Shares, Mr. Nitesh Ramani of 9,67,660 Equity Shares and Mr. Ramesh N of 1,00,000 Equity Shares

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment and Allotees
27/12/2010	45,24,400	10	10	Cash	Preferential allotment to Mr Lalith Ramani of 23,34,600 Equity Shares, Mr. Nitesh Ramani of 5,00,000 Equity Shares, Ms Vijaya Ramani of 5,00,000 Equity Shares, Ms Nillu Ramani of 83,100 Equity Shares, Ms Nisha Ramani of 1,06,700 Equity Shares, Ms Saniya Ramani of 10,00,000 Equity Shares
21/01/2011	25,00,000	10	10	Cash	Preferential allotment to Mr. Lalith R Ramani of 15,00,000 Equity Shares and Mr. Nitesh L Ramani of 10,00,000 Equity Shares

The price at which the Equity Shares have been issued in the last one year is not indicative of the price at which Equity Shares may be offered in the Issue or at the price at which they will trade upon listing.

45. We have applied for registration of certain trademarks which are pending before the Trade Marks Registry, Chennai. If any of our applications for registration are not accepted or if any order against us is passed in the oppositions filed, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademarks

We have filed application vide letter No: 2076851; December 29, 2010 for registering trademarks, namely Tag line of our company and logo. These applications are pending with the Trade Marks Registry, Chennai. There can be no assurance that our trade mark applications will be accepted and the trade marks will be registered. Further, our applications for the registration of the trade marks may be opposed by third parties and we may have to incur significant cost and spend time in litigations in relation to these oppositions. In the event we are not able to obtain the trade marks registration of our Company, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as a proprietor of registered trademarks. For further details regarding the same, please refer chapter titled “Government and Other Approvals” beginning on page 173 of this Draft Red Herring Prospectus. Non registration may adversely affect our Company’s ability to protect its trademark against infringements which may materially and adversely affect its goodwill and business. If our Company fails to successfully protect or enforce its trade mark rights, it may be required to change its logo. Any such change could require our Company to incur additional costs and may impact its brand recognition among customers.

46. Our Company had negative cash flows in recent past.

Our Company had negative cash flows in operating activities, investing activities and financing activities in the past three fiscals. The details of which is summarized below

Particulars	For the year ended March 31					For the period ended 31-12-2010
	2006	2007	2008	2009	2010	
Net Cash from Operating activities (A)	-146.96	-234.28	-883.17	-54.78	-1641.03	-2383.12
Net Cash from Investing activities (B)	-45.66	4.93	-16.13	186.72	-153.92	-258.54
Net Cash used from Financing activities (C)	196.83	225.25	907.2	-138.36	1919.86	3187.92
Net Change in Cash (A+B+C)	4.2	-4.1	7.9	-6.42	124.91	546.26

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For further details please refer to “Annexure III – Statement of Standalone Cash Flows, as restated” forming part of the chapter titled “Financial

Statements” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 138 and 162 respectively of this Draft Red Herring Prospectus.

47. There is no existing market for our Equity Shares, and we do not know if one will develop. The price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions and environment towards developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world.

48. You may not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue until the Issue receives the appropriate trading approvals.

Under the SEBI ICDR Regulations, we are required to allot equity shares within 12 Working Days of the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges. Our Equity Shares will be listed on the NSE and the BSE. 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 basis of allotment is approved by Designated Stock Exchange. Thereafter trading in the Equity Shares is expected to commence within 12 Working Days of the Bid/Issue Closing Date. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that the trading in Equity Shares will commence within the specified time periods.

49. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.

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. Approval requires all relevant documents authorizing the issue of Equity Shares to be submitted to Stock Exchanges. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. In accordance with section 73 of the Companies Act, in the event that the permission of listing the Equity Shares is denied by the stock exchanges, we are required to refund all monies collected to investors. Any failure or delay in obtaining the approval could restrict your ability to dispose of your Equity Shares in a timely manner.

50. Any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, 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.

51. 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 will be 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 the SEBI on Indian stock exchanges. The maximum movement allowed in the price of the Equity 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 will not inform us of the triggering point of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker will limit 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.

52. Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.

The future issuances of Equity Shares by our Company or the disposal of Equity Shares by any of the major shareholders of our Company or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

53. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors' assessments of our financial condition.

Our financial statements, including the restated consolidated financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. US GAAP and IFRS differ in significant respects from Indian GAAP.

As a result, our standalone and consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or US GAAP. Such differences may be material. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Had the financial statements and other financial information been prepared in accordance with IFRS or US GAAP, the results of operations and financial position may have been materially different. Because differences exist between Indian GAAP and IFRS or US GAAP, the financial information in respect of our Company contained in this Draft Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or US GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of this Issue and the financial information relating to our Company. Potential investors should consult their own professional advisers for an understanding of these differences between Indian GAAP and IFRS or US GAAP, and how such differences might affect the financial information contained herein.

External Risks Factors

54. Volatility in political, economic and social developments in India could adversely affect our business.

The central and state governments serve multiple roles in the Indian economy, including producers, consumers and regulators, which may have a significant influence on us. Economic liberalization policies have encouraged private investment in our industry and changes in these governmental policies could have a significant impact on the business and economic conditions in India, which in turn could adversely affect our business, future financial condition and results of operations.

55. Financial instability in Indian financial markets could adversely affect our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in other emerging market countries in Asia. Financial turmoil in global economy in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects

on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

56. Global economic conditions have been unprecedented and continue to have, an adverse effect on the global and Indian financial markets which may continue to have a material adverse effect on our business.

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and an economic recession has been witnessed in most major economies in 2009. Continued concerns about the systemic impact of potential long-term and wide-spread economic recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. These market and economic conditions have an adverse effect on the global and Indian financial markets and may continue to have a material adverse effect on our business and financial performance, and may have an impact on the price of the Equity Shares.

57. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

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

58. If regional hostilities, terrorist attacks or social unrest in India increase, our business could be adversely affected and the trading price of the Equity Shares could decrease.

The Asian region has from time to time experienced instances of civil unrest, terrorist attacks and hostilities among neighbouring countries. Military activity or terrorist attacks in India in the future could influence the Indian economy by creating a greater perception that investments in Indian companies involve higher degrees of risk. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Indian economy and our business and its future financial performance and the trading price of the Equity Shares.

Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

59. Investors may have difficulty in enforcing judgments against our Company or its management outside India

Our Company is a limited liability company incorporated under the laws of India. All of the Directors and executive officers and some of its advisors and experts named in the Draft Red Herring Prospectus are residents of India. Further, a substantial portion of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors to affect service of process upon our

Company or such persons in jurisdictions outside India or to enforce judgments obtained against it or such persons outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (the “Civil Procedure Code”). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except (i) where it has not been pronounced by a court of competent jurisdiction, (ii) where it has not been given on the merits of the case, (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the laws of India in cases where such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where it has been obtained by fraud or (vi) where it sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. However, the U.K. has been declared by the Government to be a reciprocating territory. Accordingly, a judgment of a court in the U.S. may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered.

Prominent Notes

- Issue of upto [●] equity shares of face value of Rs. 10/- each of our Company for cash at a Price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share, aggregating upto Rs. 15,000 Lakhs (the “Issue”) The issue includes a Reservation of upto 1 % of the issue size constituting [●] equity shares for the Eligible Employees (the “Employee Reservation Portion”). The Issue less the Employee Reservation portion is referred to as the “Net Issue”. The Issue and the Net Issue shall constitute [●] % and [●] % of the fully diluted post-issue paid up capital of our Company, respectively.
- The Book Value per Equity Share as on March 31, 2010 and December 31, 2010 is Rs. 29.77 and Rs. 22.06 respectively.
- The Net worth of our Company as on March 31, 2010 and December 31, 2010 was Rs. 1,483.20 Lakhs and Rs. 3,861.12 Lakhs respectively.
- The average cost of acquisition of equity shares for the Promoters are as under:

Name of the Promoter	Cost Per Share (Rs.)
Mr. Lalit Ramani	4.45
Ms. Vijaya L Ramani	7.26
Mr. Nitesh Ramani	5.40

- Other than as disclosed either in Related Party Transactions or otherwise, the Promoters/Directors/ Key Management Personnel of our Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding/employment in our Company or out of any business relation with any of the ventures in which they are interested. For interests of Promoters and Directors, please refer the chapters “Our Management” and “Promoters and Group Companies” beginning on pages 113 and 130 of this Draft Red Herring

Prospectus. For related party transactions, refer to page 155 of the Draft Red Herring Prospectus under the section titled “Financial Statements”.

- There are no financing arrangements whereby the promoter group, the directors of our Company which is a promoter of the issuer, the directors of the issuers and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of the filing the DRHP with the board.
- The name of our Company was changed to M/s. Ratanchand Jewellers Limited upon conversion into public limited company and a fresh certificate of incorporation was obtained on December 02, 2010.
- Other than as stated in the section titled “Capital Structure”, our Company has not issued any Equity Shares for consideration other than cash.
- Except as stated under the notes to the section “Capital Structure” on page 49 of this DRHP, our Company has not issued any shares for consideration other than cash.
- Trading in equity shares of our Company for all the investors shall be in dematerialized form only.
- Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 73 of this DRHP before making an investment in this Issue.
- Investors are advised to go through the paragraph on “Basis of Allotment” beginning on page 220 of this DRHP.
- In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Non- Institutional Bidders and Retail Individual Bidders. For details, refer to the chapter titled “Issue Procedure” on page 198 of this DRHP.
- Under-subscription of the Issue, if any, in any category will be met by spill over from other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders.
- No loans and advances have been made to any person(s) / companies in which Directors are interested except as stated in the Section “Financial Information” beginning on page 138 of this DRHP.
- Investors are free to contact the BRLMs for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLMs, please refer to the cover page of this Offer Document.
- Any clarification or information relating to the issue shall be made available by the BRLMs 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.
- We and the BRLMs are obliged to keep this Draft Red Herring Prospectus updated and inform the public of any material change/development until listing.
- All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form has been submitted by the ASBA Bidder.

SECTION IV - INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

Indian Gems & Jewellery Industry

Gems and Jewellery (G&J) has been culturally imbibed within the Indian civilisation since millennia for both its aesthetic as well as value-based qualities. Precious metals and stones have been an integral part of the Indian civilisation since its recorded history. India has the distinction of being the first country to introduce diamonds to the world. The country was also the first to mine, cut & polish and trade in diamonds. However, the prominence of the G&J industry in the Indian economic scenario is a development of the last three to four decades.

The Indian gems and jewellery industry is one of the world's most competitive markets given its low cost of production and highly skilled labour. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian Gems and Jewellery industry - consisting of the domestic and the export market has the potential to grow from the current US\$45 bn to US\$100 bn by 2015. India is recognized as the diamond cutting and polishing capital of the world, processing more than 90% (11 out of 12) of all rough diamonds produced per year (around 80% in terms of carats and around 55% in terms of volume). Globally, the gems and jewellery industry has witnessed significant changes and exhibited growth over the past decade, on account of increasing income levels as well as the demand from the emerging economies. Traditionally, the US has accounted for more than 45-50% of the global jewellery market and the demand was significantly affected during the financial crisis, sending ripples across the world. In a traditional market like India, spending on gold and diamond jewellery is not only meant for its ornamental value but also as a means for safe investment.

The G&J sector in India has sufficient backing from the central government as it plays a vital role in the Indian economy and a leading foreign exchange earner accounting for more than 16% of India's total exports in FY2010. The government has introduced various subsidies and incentive schemes and have established SEZs to further drive the Indian gems and jewellery sector. Currently, the Indian market remains highly fragmented dominated by a high number of small and local players, but the trend is setting towards branded jewellery which should rapidly transform it into an organized sector. According to industry sources, the branded jewellery market is expected to grow at a CAGR of more than 41% in the next 4 years given the changing lifestyle and urbanization, backed by strategic marketing from the diamond companies.

According to World Gold Council (WGC), the Indian gold jewellery market is currently worth about Rs.700 bn (US\$16 bn). Of this, the urban jewellery market is valued at Rs.220 bn (US\$5 bn) and the rural & semi-rural market is valued at Rs.480 bn (US\$11.0 bn). The domestic demand for gold jewellery is estimated at about 80% of the Indian jewellery market wherein the rest comprises diamond jewellery and other fabricated jewellery. As per a recent study by KPMG, India is set to realise total jewellery sales of US\$21 bn by 2010-11 and US\$37 bn by 2015. Currently, out of eight key global retail markets, US accounts for 45% of the jewellery sales, while India and China follow with 8.3% and 8.9% respectively. But both India and China will emerge as the market equivalent of US in jewellery sales by 2015.

The industry suffered badly during the 2008-09 global financial crises as demand critically plummeted leading to significant job losses. In the short-term, a slow growth from these developed markets might impact the export growth prospects from India due to the high unemployment rate and low income bracket. In February 2010, an Export-Import Bank of India (EXIM) report stated that India is one of the fastest growing gems and jewellery markets in the world driven by growth in jewellery exports to

major markets like the US and Europe coupled with the demand from the domestic market. India consumes roughly 20% of total gold supply in any given year and this share is expected to grow further, going forward, because of the rise in middle class incomes.

An important development that is crucially influencing the domestic demand is the recent escalation in gold and silver prices. With changing consumer preferences and the increase of sophistication, there is a greater investment-driven demand for gold coins and bars and people are bullish on gold because it offers a safe haven in times of high domestic inflation and global uncertainty. Although people's per capita appetite for gold has reduced because of the high price, the growth of gold in terms of its value remains affirmative. In aggregate, CARE Research expects the G&J industry to report high growth in the next few years as demand from various channels remains healthy.

(Source: Care Research-Indian Gems and Jewellery Industry, June 2010.)

Global Economic Overview

The International Monetary Fund's ("IMF") most recent global economic outlook update (July 2010) has seen forecasts for both calendar years 2010 and 2011 revised upwards – indicating that the international strategy to stimulate the global economy through low interest rates, quantitative easing and economic stimulus packages has begun to succeed. (Source: IMF- World Economic Outlook Update July 2010)

India is the world's largest democracy by population size and one of the fastest growing economies in the world. India had an estimated GDP on a purchasing power parity basis of approximately USD 3.30 trillion in 2008, making it the fifth largest economy in the world after the European Union, the United States of America, China and Japan. (Source: CIA World Factbook). In the past, India has experienced rapid economic growth, with the gross domestic product ("GDP") growing at an average growth rate of 8.8% between fiscal 2003 and fiscal 2008. The IMF expects India to be one of the fastest growing economies in the world and its GDP forecast estimates are as summarised below.

Date of	IMF Calendar Year 2010		IMF Calendar Year 2011	
Global Output	4.20%	4.60%	4.30%	4.30%
US	3.10%	3.30%	2.60%	2.90%
Euro Zone	1.00%	1.00%	1.50%	1.30%
Japan	1.90%	2.40%	2.00%	1.80%
Developing	6.30%	6.80%	6.50%	6.40%
China	10.00%	10.50%	9.30%	9.60%
India	8.80%	9.40%	8.40%	8.40%
Russia	4.00%	4.30%	3.30%	4.10%
Brazil	5.50%	7.10%	4.10%	4.20%

(Source: IMF- World Economic Outlook Update July 2010)

India's Gems and Jewellery Industry

Gold Jewellery

India is the world's largest consumer of gold (importing 339 tonnes of gold in calendar year 2009) (Source: Bombay Bullion Association as cited in Care Research-Indian Gems and Jewellery Industry, June 2010). Most of gold in India is consumed by retail sales and a small portion is used as reserves with the central government treasury. To meet its consumption requirements for jewellery and investments, India imported gold to the tune of 590 tonnes in Fiscal 2009.

The consumption of gold in India has doubled over the past two decades - going up from approximately 400 tonnes in 1987 to about 800 tons in 2007 (Source: World Gold Council as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010). In 2009, gold demand in India was severely affected due to global financial crisis, record high prices of approximately Rs.18,232 per 10 grams during November 2009 and high volatility in gold prices (with gold price

volatility increasing in the fourth quarter in the calendar year 2009 to an annualised average of 19.7%). Between January-April 2010, gold imports in India increased 74% year on year to 126 tonnes but it is expected that this growth will continue throughout the year given gold price stability and rising demand for the precious metal as an investment haven (Source: *Bombay Bullion Association as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*). The following table gives break-up of gold demand in India:

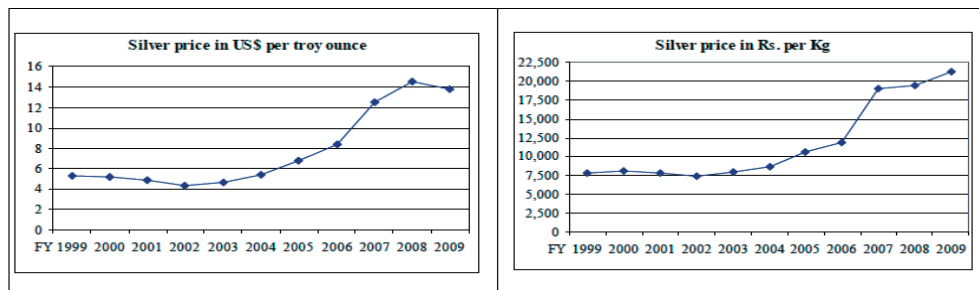
(Tonnes)

Calendar Year	20	20	20	20	20	20
Jewellery consumption	517	587	526	558	501	405
Net retail investment	100	134	195	215	211	74
Total	617	721	721	773	712	480

(Source: *World Gold Council as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*)

Silver

Along with gold, silver also enjoys a special place in the psyche of the Indian consumer and is considered the second-best investment option in precious metals. In the last couple of years, silver prices have grown significantly in line with the rise in gold prices resulting in the decline in demand for jewellery and fashion accessories. Going forward, it is expected that the silver price movement will tend to follow the gold price movement; prices of silver and gold in Rupees have shown a very high correlation of 0.98 in the last 10 years. (Source: *Care Research-Indian Gems and Jewellery Industry, June 2010*). The following table is graphical representation of silver prices in USD and Rs. in the last 10 years:



(Source: *Centre for Monitoring Indian Economy as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*)



SUMMARY OF BUSINESS

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the “Risk Factors” and “Management Discussions and Analysis of Financial Condition and Results of Operation” on pages 11 and 157 respectively of the Draft Red Herring Prospectus.

Overview

We are engaged in the business of manufacture and export of gold jewellery ornaments. Our products include handmade and machine made, plain gold and gold enamelled jewellery and gold jewellery studded with precious and semi precious stones such as rubies, emeralds, pearls, etc. and semi-precious stones such as garnet, cubic zirconium, etc. Our portfolio includes rings, earrings, pendants, bracelets, necklaces and bangles. We are ISO 9001:2008 certified and have been awarded the “Export Appreciation Award” for FY 2008, FY 2009 and “Export Excellence Award” for FY 2010 by the Jewellery Association, Bengaluru. We conduct our business under the brand “Ratanchand Jewellers”.

We have two manufacturing units, spread over an area of 10,000 square feet, both of which are located in Bengaluru, Karnataka. Both these units are operated as 100% export oriented units (EoUs). During the nine months period ending December 31, 2010 and Fiscal 2010 and Fiscal 2009, we have achieved an aggregate production of 1151.06 Kgs, 1056.29 Kgs and 879.31 Kgs of jewellery, respectively.

For Fiscal 2009 and 2010, all the products manufactured by us were exported to Dubai and we have recorded a consistent and steady growth in our exports. Our Company’s export income has grown at a CAGR of 128% from Fiscal 2008 to Fiscal 2010. For the Nine months period ended 31.12.2010 and Fiscal 2010 and 2009, our income from exports constitutes 99.81%, 99.86% and 99.75% of our total income, respectively.

We propose to establish a unit at Rajiv Gems Park, Andhra Pradesh, which is a SEZ, for the manufacture of our products. We intend to set up 12 retail stores in Karnataka for marketing of our products in the domestic market. We also propose to set up a brand office in Dubai for undertaking business operations. For further information, please see “Objects of the Issue” on page 62 of this Draft Red Herring Prospectus.

For Fiscal 2009, 2010 and for the Nine months period ended December 31, 2010, our total income was Rs. 11,692.87 Lakhs, Rs. 16,636.36 Lakhs and Rs. 21,627.52 Lakhs respectively. For Fiscal 2009, 2010 and the nine months period ended December 31, 2010, our net profit was Rs. 302.27 Lakhs, Rs. 619.91 Lakhs and Rs. 1,799.68 Lakhs, respectively.

OUR COMPETITIVE STRENGTHS

Strong and long-term relationship with our customers

We maintain long terms relationships with our customers by strategically aligning our offerings with their requirements. We are in the process of formulating and adopting a strategy for product development which involves market research, sales analysis, brand development, and promotions in our customer’s markets. We intend to implement our research and analysis reports in securing new orders.

Our relationships with our customers are also built on our successful execution of prior engagements. We believe our track record of timely delivery of quality products and established technical expertise has helped in strengthening strong relationships with our major customers and gaining increased business from them. We believe we have a history of high retention of our key customers and derive a significant proportion of our revenue from repeat business.

Integrated player with domain knowledge

We are an integrated player with significant knowledge about jewellery industry. In the past five years we have spanned the entire value chain starting from gold jewellery trading to manufacturing and now



we plan to venture into retail segment. For further details, please see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus.

Our understanding of the industry helps us in assessing market opportunities and positioning ourselves accordingly. Our understanding of jewellery business attached with our crafting capabilities help us in introducing designs for export operations, in a timely manner. Our strategic efforts to foresee market expectations, in-house order projections, customer preference towards specific metal and stones helps us to undertake effective inventory management, ahead of our delivery schedule.

Our Promoter’s experience and a strong management team

We believe that our qualified and experienced management team has significantly contributed to the growth of our business operations. Mr. Lalith R Ramani, our Chairman and Managing Director, brings with him over 30 years of experience in trading in gold jewellery and also in manufacturing of gold ornaments. His responsibilities include the day-to-day management of our affairs. He specifically deals with the sourcing the raw materials, manages Forex related issues and manages finance and other resources. Mr. Nitesh L Ramani has almost a decade experience in the industry. His responsibilities include administration and marketing responsibilities. He shall also be responsible for the administration of our proposed retail chain. In addition to our Promoter, we have a dedicated management comprising of Mr. G.G. Vishnu Murthy (Chief Financial Officer), Mr. K..N. Surya Prakash (Company Secretary & Compliance Officer), and Mr. Anil Karumbaya (GM, Retail & Marketing).

OUR BUSINESS STRATEGIES

To venture into retail business with focus on market expansion

We believe mid-income segment of India’s retail jewellery market is largely untapped by structured jewellery companies and see it as a key long-term driver of development for an integrated medium sized jewellery manufacturer like us. We intend to span our retail presence from suburban areas of metro cities to mini metros and other cities possessing higher concentration of mid-income segment. We believe the proportion of spending to earning is higher in such cities compared to metro cities. We have identified the properties, where we intend to go for outright purchase to secure the retail space for development of 12 Proposed Stores within the State of Karnataka. For further details, please see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus. All our retail stores will be based on the “Self controlled” model, which we believe will ensure higher control, better consumer service and higher revenue margins.

We have initially targeted Karnataka and other states in the southern part of India for opening our retail stores. Further, we are also looking at joint venture opportunities to tie-up with designer boutiques to foray into high-end retail jewellery segment within the country and also internationally with major focus on Middle East countries and Europe.

Calculated marketing tools to create brand differentiation for retail

Historically, we believe that purchase of gold jewellery in India has suffered from major insight barriers. For example, gold jewellery purchase is considered to be a seasonal affair and often purchased in bulk during wedding season. We believe the apprehensions of a retail customer can be addressed by educating customers about gold jewellery. We consider retail stores as a platform to impart basic knowledge about gold jewellery. We intend to involve customers in various customer education programs at our retail stores.

We believe educating customers about gold jewellery, providing comparative price benefit and invoice break- up, in-house manufacturing capabilities, guidance on latest designs and trends, personalized services and in-store cleaning and repairing workshop will help us in creating brand differentiation for our products.



Prolonged focus on exports for our wholesale business

Our primary marketing focus has been on exports where we have sold high volumes directly to few key customers. We wish to continue leveraging our position as the exporter of plain gold and studded jewellery in India to further advance in our existing markets by expanding our customer base and to enter new geographical boundaries.

We aim to expand our customer base in our active markets by targeting different department stores, discount chain stores, fine jewellers and TV shopping networks. In this regard, we propose to develop products, marketing and branding strategies for the specific needs of target market for these retailers.

Currently, our exports are primarily to Dubai. We intend to enter select new markets such as Middle East countries and certain parts of Europe for which we are looking to set up a branch office in Dubai.

We believe that Indian Jewellery has been appreciated throughout the world. We are receiving good response from Dubai; it is one of the biggest buying houses for all the International Countries like Saudi Arabia, Turkey, U.K, USA and Europe. Some of our customers are BRR Jewellery, Al-Salam Jewellery, Viren Jewellery, Kundan Jewellery and Daimur Jewellery

Increased production capacity

Currently, we have two manufacturing units, both located at Bengaluru, Karnataka, India, one of which commenced production in January 2011. During the nine months period ended December 31, 2010 and Fiscal 2010 and 2009, we achieved an aggregate production of 1151.06 Kgs, 1056.29 Kgs and 879.31 Kgs , respectively, of jewellery from our manufacturing units. We believe our in-house manufacturing would help us continue to be competitive in our exports as well as retail businesses

To continue achieving our sales targets, we intend to enhance our production capacities by setting up a new manufacturing unit in Hyderabad Gems SEZ, for which we are in receipt of acceptance of our Letter of Intent (LOI) and 6500 sq. ft. of manufacturing space has been allotted to us in the Rajiv Gems Park, a jewellery SEZ in Andhra Pradesh.

SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected financial information derived from the financials for the nine months ended December 31, 2010 and the financial years ended March 31, 2010, 2009, 2008, 2007 and 2006 and which are in line with the audited financial statements. These financials have been prepared in accordance with the requirements of the Companies Act and the SEBI Regulations, along with the related clarifications issued by SEBI, for the purpose of disclosure in this Draft Red Herring Prospectus. Our Company's financial statements and the information regarding the basis of preparation are set out in the section titled 'Financial Statements' on this Draft Red Herring Prospectus.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Lakhs)

Particulars	March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
FIXED ASSETS						
Gross Block	41.38	37.81	38.01	68.17	73.82	716.23
Less: Depreciation	1.46	2.11	3.14	5.89	11.10	16.32
Net Block	39.91	35.70	34.87	62.28	62.72	699.91
Less: Revaluation	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	39.91	35.70	34.87	62.28	62.72	699.91
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
Total (A)	39.91	35.70	34.87	62.28	62.72	699.91
INVESTMENTS & DEPOSITS (B)	4.37	4.37	55.25	197.74	368.92	1.49
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	143.20	340.32	172.09	1.69	578.54	1138.45
Sundry Debtors	71.45	145.71	1364.01	2392.55	3543.76	7343.47
Cash and Bank Balances	4.20	0.10	8.00	1.58	126.48	672.76
Loans and Advances	3.08	23.93	92.22	135.11	293.54	357.50
Total (C)	221.94	510.06	1636.32	2530.93	4542.32	9512.18
LIABILITIES AND PROVISIONS						
Secured Loans	60.84	359.66	989.79	931.29	3068.10	6171.24
Unsecured Loans	22.09	25.34	63.16	212.35	253.67	10.49
Current Liabilities	39.54	2.59	36.48	632.18	30.34	24.07
Share Application Money	113.43	83.08	200.00	0.00	0.00	0.00
Provisions	19.34	31.67	73.24	152.54	138.59	146.58
Deferred Tax Liability	0.13	0.23	0.19	0.07	0.07	0.07
Total (D)	255.37	502.58	1362.87	1928.43	3490.77	6352.45
NET WORTH (A+B+C-D)	10.85	47.55	363.57	862.52	1483.20	3861.12
REPRESENTED BY :						
Share Capital (E)	1.00	1.00	239.09	249.09	498.17	1750.00
Total Reserves and Surplus	9.85	46.55	124.48	616.75	987.68	2138.58
Less: Revaluation Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Net Reserves and Surplus (F)	9.85	46.55	124.48	616.75	987.68	2138.58
Miscellaneous Expenditure (G)	0.00	0.00	0.00	3.32	2.66	27.46
NET WORTH (E+F-G)	10.85	47.55	363.57	862.52	1483.20	3861.12

The Accompanying significant accounting policies and notes are integral part of the accounts.

STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs in Lakhs)

Particulars	March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
INCOME						
Receipts from Operations	502.36	2003.65	5250.29	11692.87	16636.36	21627.52
Increase / (Decrease) in Stock	-12.01	197.11	-168.23	-170.40	576.85	559.92
Other Income	0.09	1.36	34.95	362.69	23.77	41.24
Total	490.44	2202.12	5117.01	11885.16	17236.98	22228.68
EXPENDITURE						
Material, Stores & Operating Expenses	443.26	2011.05	4682.21	11080.59	15919.44	20003.21
Direct Expenses	9.66	43.74	151.93	118.27	18.30	29.83
Personnel Expenses	15.33	31.68	31.67	27.76	23.47	25.97
Administrative Expenses	5.25	12.95	15.85	30.05	385.99	88.61
Misc .and Deferred Revenue Exp. W/Off	0.00	0.00	0.00	0.00	0.66	0.00
Total	473.49	2099.42	4881.66	11256.67	16347.86	20147.62
Profit before Interest, Depreciation and Tax	16.94	102.70	235.35	628.49	889.13	2081.06
Depreciation	1.46	0.65	1.03	4.13	6.19	5.22
Profit before Interest and Tax	15.48	102.05	234.32	624.36	882.93	2075.83
Interest & Finance Charges	0.53	46.47	115.76	229.05	258.27	275.09
Loss on sale of Investment/Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Before Tax	14.95	55.58	118.56	395.31	624.66	1800.74
Provision for Taxes						
Current Tax	4.91	18.71	40.44	92.70	4.76	1.06
Fringe Benefit Tax	0.06	0.07	0.23	0.47	0.00	0.00
Deferred Tax	0.13	0.10	-0.04	-0.13	0.00	0.00
Net Profit After Tax	9.85	36.70	77.93	302.27	619.91	1799.68
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Prior Period Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax after adjusting prior period item	9.85	36.70	77.93	302.27	619.91	1799.68
Profit and Loss Account at the beginning of the year	0.00	9.85	46.55	124.48	367.77	987.68
Balance Carried to Balance Sheet	9.85	46.55	124.48	426.75	987.68	2787.36

The Accompanying significant accounting policies and notes are integral part of the accounts.

CASH FLOW STATEMENT

(Rs in Lakhs)

Particulars	March 31, 2006	March 31, 2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit Before Tax & Extraordinary Items	14.95	55.58	118.53	395.31	624.66	1800.74
Adjustments for :						
Depreciation	1.46	0.65	1.03	4.13	6.19	5.22
Other Income	-0.09	-1.36	-34.95	-362.69	-23.77	-41.24
Interest Expenses	0.53	46.47	115.76	229.05	258.27	275.09
Loss / (Profit) on sale Assets	0.00	0.00	0.00	-1.39	0.00	0.00
Loss / (Profit) on sale of Shares	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous expenses written off	0.00	0.00	0.00	0.00	0.66	0.00
Operating Profit before working capital Changes	16.85	101.34	200.37	264.41	866.01	2039.81
Inventories	-143.20	-197.11	168.23	170.40	-576.85	-559.92
Trade & Other Receivables	-74.53	-95.11	1286.59	1071.43	-1309.64	-3863.67
Trade Payable & Other Liabilities	59.02	-24.52	75.45	674.87	-615.79	1.72
Cash generated from operations	-141.86	-215.40	-842.54	38.26	-1636.27	-2382.06
Income Tax paid	-5.10	-18.88	-40.63	-93.04	-4.76	-1.06
Cash Flow Before Extraordinary Items	-146.96	-234.28	-883.17	-54.78	-1641.03	-2383.12
Extraordinary Items (Prior year adjustment)	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash from Operating Activities (A)	-146.96	-234.28	-883.17	-54.78	-1641.03	-2383.12
CASH FLOW FROM INVESTING ACTIVITIES						
Capital Work in progress	0.00	0.00	0.00	0.00	0.00	0.00
purchase of fixed assets (net)	-41.38	3.57	-0.20	-30.16	-6.51	-642.41
Sale /(Purchase of Investment)/Deposits	-4.37	0	-50.88	-142.49	-171.18	367.43
Profit on sale of Shares	0.00	0.00	0.00	0.00	0.00	0.00
Other Income	0.09	1.36	34.95	362.69	23.77	41.24
deferred revenue expenditure	0.00	0.00	0.00	-3.32	0.00	-24.8
Net Cash used for Investing Activities (B)	-45.66	4.93	-16.13	186.72	-153.92	-258.54
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital/Share Premium	1.00	0.00	238.09	200.00	0.00	603.05
Proceeds/(Refund) of Share Application Money	113.43	-30.34	116.92	-200.00	0.00	0.00
Net Proceeds/Repayments of loans/terms Loans	82.93	302.07	667.95	90.69	2178.13	2859.96
Dividend Including dividend tax	0.00	0.00	0.00	0.00	0.00	0.00
(Increase)/Decrease in Miscellaneous Exp.	0.00	0.00	0.00	0.00	0.00	0.00
Interest Paid	-0.53	-46.47	-115.76	-229.05	-258.27	-275.09
Net Cash from Financing Activities (C)	196.83	225.25	907.20	-138.36	1919.86	3187.92
Net Increase in cash and cash equivalents(A+B+C)	4.20	-4.10	7.90	-6.42	124.91	546.26
Cash and cash equivalents at beginning of the year	0.00	4.20	0.10	8.00	1.58	126.49
Cash and cash equivalents at the end of the Year	4.20	0.10	8.00	1.58	126.49	672.76

THE ISSUE

Particulars		Number of Equity Shares
A	PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS*	
	[●] Equity Shares Rs. 15,000.00	
	Of which:	
	Employee Reservation Portion of upto 1% of the Issue size	[●]
	Net Issue	[●]
	of which	
	QIB PORTION of which the:	[●]
	Anchor Investor Portion**	[●]
	Net QIB Portion of which the:	
	Mutual Fund Portion***	[●]
	Other QIBs (including Mutual Funds)	[●]
	NON-INSTITUTIONAL PORTION	[●]
	RETAIL PORTION	[●]
B	Pre and post-Issue Equity Shares	
	Equity Shares outstanding prior to the Issue	[●]
	Equity Shares outstanding after the Issue	[●]

* The Issue in terms of the Draft Red Herring Prospectus has been authorized by the Board of Directors pursuant to a resolution dated October 20, 2010 and by the shareholders pursuant to a resolution in an EGM held on December 2, 2010 under section 81(1A) of the Companies Act.

**Out of the QIB Portion, our Company may consider participation by Anchor Investors for upto [●] Equity Shares in accordance with the SEBI ICDR Regulations at the Anchor Investor Issue Price of Rs. [●] per Equity Share, out of which at least one third shall be allocated to domestic Mutual Funds.

*** The Mutual Fund Portion would be 5% of the Net QIB Portion.



GENERAL INFORMATION

Registered Office of our Company

No. 29, Golden Chambers,
Lalbagh Fort Road,
Minerva Circle,
Bengaluru – 560 004,
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E-mail: ipo@ratanchand.co.in
Website: www.ratanchand.co.in
CIN: U51398KA2005PLC036868

For details of change in our name and our Registered Office, refer to the chapter titled “History and Corporate Structure” beginning on page 109 of this Draft Red Herring Prospectus

Address of the Registrar of Companies

'E' WING, 2nd Floor,
Kendriya Sadan,
Koramangala,
Bengaluru-560034
India.

Board of Directors

The Board of Directors of our Company comprises of:

Sl.No	Name of Director, Age and Address	Designation	DIN
1.	Mr. Lalith R Ramani Age: 51 years Address: # 10, Sanskriti Castle, Flat No.001, KR Road, Basavangudi, Bengaluru- 560 004.	Chairman and Managing Director	01743120
2.	Mr. Nitesh L Ramani Age: 27 years Address: # 10, Sanskriti Castle, Flat No.001, KR Road, Basavangudi, Bengaluru- 560 004.	Whole time Executive Director	01743220
3.	Ms. Vijaya L Ramani Age: 47 years Address: # 10, Sanskriti Castle, Flat No.001, KR Road, Basavangudi, Bengaluru- 560 004.	Non Executive Director	02691491
4.	Ms. Saniya N Ramani Age: 24 years Address: # 10, Sanskriti Castle, KR Road, Basavangudi, Bengaluru- 560 004.	Non Executive Director	03315898
5.	Mr. Anil Agarwal Age: 47 years Address: 3-6-21/3, Himayantnagar Skyline Theatre, Hyderabad- 500 029.	Independent Director	01088237

6.	Mr. Indermal Ramani Age: 55 years Address: # 10, Nannian St. Sowcarpet, Chennai- 600 002.	Independent Director	01005405
7.	Mr. Gajraj Kothari Age: 56 years Address: # 3, KR Road, 2 nd Floor, Mandoth Residency, Basavangudi, Bengaluru- 560 004.	Independent Director	02985366
8.	Mr. Ashok Porwal Age: 45 years Address: # 401, 8 th B Main, 1 st Floor, 4 th Block, Jayanagar, Bengaluru-560 011.	Independent Director	02646556
9.	Mr. Shiva Prakash C Age: 45 years Address: # 49, Srikanta Krupa, RP Road, Nanjangud, Mysore-571 301.	Independent Director	02291563

For detailed profiles of our Directors, please refer to the chapters titled “Our Management” and “Promoters and Group Companies” beginning on pages 113 and 130 respectively of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. K. N. Suryaprakash

No. 29, Golden Chambers,
Lalbagh Fort Road,
Minerva Circle,
Bengaluru – 560 004,
Karnataka, India;

Tel. No.: +91 80 4087 0000

Fax No.: +91 80 4091 6080

Email: ipo@ratanchand.co.in

Investors can contact the Compliance Officer Mr. K. N. Suryaprakash and / or the Registrar to the Issue and/ or the BRLMs in case of any pre-Issue or post-Issue problems such as non- receipt of letters of Allocation, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders etc.

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 relevant SCSB where the ASBA Form was submitted by the ASBA Bidder.

Issue Management Team

BOOK RUNNING LEAD MANAGERS TO THE ISSUE	
PNB INVESTMENT SERVICES LIMITED 11th Floor, Dalamal House, Nariman Point, Mumbai – 400-021. Tel. No.: +91 22 4347 4030 – 33 Fax No.: +91 22 2202 0056 Email: mb@pnbisl.com Website: www.pnbisl.com Contact Person: Mr. D. Subrahmanyam SEBI Registration No: INM 000011617	KARN MERCHANT BANKERS LTD. EC-41, Sector – 1, Salt Lake City, Kolkata – 700 064. Tel. No: +91 33 23343922/23; Fax No: +91 33 23343924 Email: rjl.ipo@karnbanker.com Website: www.karnbanker.com Contact Person: Mr. Karn Vats SEBI Registration No.: INM 000011153

Domestic Legal Counsel to the Issue

Khaitan & Co.

One Indiabulls Centre, 13th Floor,
 841 Senapati Bapat Marg,
 Elphinstone Road,
 Mumbai – 400 013
Tel. No.: +91 22 6636 5000
Fax No: +91 22 6636 5050
Email: mumbai@khaitanco.com

Legal Counsel to our Company

JB & Associates

MMS chambers, 4A, Council House Street,
 1st Floor, Room- C/4
 Kolkata- 700 001
Tel. No.: +91 33 4006 9773
Fax No: +91 33 2248 7018
Email: jbaadv@yahoo.com

Statutory Auditor to our Company

M/s Hiremath & Co., Chartered Accountants

No., 147, II floor, Dr. DVG Road,
 Gandhi Bazar Circle,
 Bengaluru -560 004.
Tel. No.: 080 2660 4014/15
Fax No: 080 2242 5631
Email: hiremath.sg@hiremath.co.in
Website: www.hiremath.co.in
Membership No: 203338
Firm Registration No. 0070858

*Independent Auditor (Peer Review Certified)**

M/s. F.N. Honnabindagi & Co. Chartered Accountants

No. 4, 3rd Floor, Laxmi Complex,
 Neeligin Road,
 Hubli – 580 029.
Membership No: 205041
Firm Registration No.: 007301S
Peer Review No.: RE 02318007
Tel. No: 0091 836 2250 575
Fax No: 0091 836 2254 946



Email: fnhonnabindagi@gmail.com

Contact Person: F.N. Honnabindagi

*M/s. F.N. Honnabindagi & Co. holds a Peer Review Certificate dated July 10, 2007 issued by the Institute of Chartered Accountants of India, New Delhi.

Registrar to the Issue

Karvy Computershare Private Limited

Plot nos.17-24, Vittal Rao Nagar

Madhapur,

Hyderabad – 500 081.

Tel. No: +91 40 4465 5000

Fax No: +91 40 2343 1551

Email: rj.ipo@karvy.com

Website: www.karvycomputershare.com

Contact Person: Mr. M Murali Krishna

SEBI Registration No.: INR 000000221

Bankers to our Company

State Bank of India,

Overseas Branch (6861),

No. 65, St. Mark's Road,

Bengaluru- 560 001.

Tel. No.: 080 2594 3410

Fax No: 080 2594 3412

ICICI Bank Limited,

R G Chambers, 2nd Floor,

SEG No. 5, 80ft Road,

Koramangala, 7th Block,

Bengaluru – 560 095.

Tel. No.: 080 67132909

Self Certified Syndicate Banks

The SCSB's are as per updated list available on SEBI's website (www.sebi.gov.in). For details on Designated Branches of SCSBs collecting the ASBA Form, please refer the above mentioned SEBI link.

Bankers to the Issue / Escrow Collection Banks

The Bankers to the Issue / The Escrow Collection Bank(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC.

Refund Bank

The Refund Banker(s) shall be appointed prior to filing of the Red Herring Prospectus with RoC in consultation with the BRLMs.

Syndicate Members

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC in consultation with the BRLMs.

Brokers to this Issue

All the members of the recognised stock exchanges would be eligible to act as brokers to the Issue in consultation with the BRLMs.

Statement of Inter Se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and co-ordination for various activities by the Book Running Lead Managers to the Issue PNB Investment Services Limited (PNBISL) and Karn Merchant Bankers Limited (KMBL).

Sl. No.	Activity	Responsibility	Coordination
1	Capital Structuring with relative components and formalities such as type of instruments, etc.	PNBISL KMBL	PNBISL
2	Due diligence of Company's operations / management / business plans /legal etc. Drafting and design of the Offer Document 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 finalisation of Prospectus and ROC filing.	PNBISL KMBL	PNBISL
3	Drafting and approval of all statutory advertisement	PNBISL KMBL	PNBISL
4	Drafting and approval of all publicity material other than statutory advertisement as mentioned in 3 above including corporate advertisement, brochure etc.	PNBISL KMBL	KMBL
5	Appointment of other intermediaries viz., Registrar's, Printers, Advertising Agency, Bankers to the Issue	PNBISL KMBL	Registrar - KMBL; Printers - KMBL; Advertising Agency – KMBL; Bankers to the Issue - PNBISL
6	Preparation of Road show presentation and preparation of FAQs	PNBISL KMBL	KMBL
7	International Institutional Marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, in consultation with our Company, and Finalizing the International road show schedule and investor meeting schedules. 	PNBISL KMBL	KMBL
8	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with our Company. Finalizing the list and division of investors for one to one meetings, and investor meeting schedules. 	PNBISL KMBL	KMBL
9	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalise Media and PR strategy; Finalising centers for holding conferences for press and Brokers; Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material. 	PNBISL KMBL	PNBISL

Sl. No.	Activity	Responsibility	Coordination
	<ul style="list-style-type: none"> Finalise Collection Centers 		
10	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	PNBISL KMBL	PNBISL
11	Finalisation of Pricing, in consultation with our Company	PNBISL KMBL	PNBISL
12	The post bidding activities including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Offer activities for the Offer involving essential follow up steps, which include the finalisation of trading and dealing of instruments and demat of delivery of shares, with the various agencies connected with the work such as the registrar's to the Issue and Bankers to the Issue 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 our Company.	PNBISL KMBL	PNBISL

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●] and has been assigned IPO Grade [●] indicating [●] fundamentals through its letter dated [●] and has been reaffirmed by the letter dated [●].

The IPO grading is assigned on a [●] scale from [●] with an "IPO Grade [●] indicating [●] fundamentals and an "IPO Grade [●] indicating [●] fundamentals. Attention is drawn to the disclaimer appearing under the paragraph titled "Disclaimer clause of the IPO Grading Agency" in the chapter titled "Other Regulatory and Statutory Disclosures" beginning on page 178 of this Draft Red Herring Prospectus.

This grading expires within [●] from the date of the report. The rationale for the Grade assigned to our Company's IPO by [●] has been set out in its report. A summary of the rationale for the grading assigned by [●] in its report is reproduced below:

Grading Rationale

The rationale / description furnished by the IPO grading agency will be updated at the time of filing the Red Herring Prospectus with SEBI and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Working Days during the Bid/ Issue Period.

Expert Opinion

Except for the report of (*) in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange included in this Red Herring Prospectus and **M/s. F.N. Honnabindagi & Co**, the Independent Auditor who is Peer Review Certified in respect of the Restated Audited Report annexed herewith, the Company has not obtained any expert opinions.



Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Monitoring Agency

As per regulation 16 of the SEBI ICDR Regulations, monitoring agency is required to be appointed in case the issue size exceeds Rs. 50,000 Lakhs. Since, our proposed issue size will not exceed Rs. 50,000 Lakhs; we do not propose to appoint a Monitoring Agency.

However, as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges upon listing of the Equity Shares and the corporate governance requirements, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

Project Appraisal

The objects of the Issue have not been appraised by any appraising entity. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- Our Company;
- The Book Running Lead Managers, in this case being Karn Merchant Bankers Limited and PNB Investment Services Limited;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Managers;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the Book Building Process wherein upto 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. Upto 30% of the QIB Portion shall be available for allocation to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds. The Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net 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, 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 BRLMs and the Designated Stock Exchange. Our Company will comply with the SEBI Regulations for this Issue. In this regard, our Company has appointed the Book Running Lead Managers to procure subscriptions to the Issue.

In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, as per the clause 11 (b) of Schedule XI of the above regulation QIBs are required to pay 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate



basis. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see chapter “Terms of the Issue” on page 190 of this Draft Red Herring Prospectus.

All the Bidders have the option to submit their Bids under the “ASBA Process”, which would entail blocking of funds in the investor’s bank account rather than immediate transfer of funds to the respective Escrow Accounts.

Our Company shall comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Karn Merchant Bankers Limited and PNB Investment Services Ltd. as the Book Running Lead Managers to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or ASBA Bid to a SCSB or Syndicate Member.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the Bid/ Issue Period. The illustrative book as shown below indicates the demand for the shares of our Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page 198 of this Draft Red Herring Prospectus);
2. Ensure that you have a dematerialised account and the dematerialised account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see “Issue Procedure – PAN” on page 215 of this Draft Red Herring Prospectus);
4. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values, ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form (see “Issue Procedure – PAN” on page 215 of the Draft Red Herring Prospectus);

5. Ensure that the Bid cum Application Form/ASBA Bid Cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form/ASBA Bid Cum Application Form;
6. Ensure the correctness of your demographic details (as defined in the “Issue Procedure-Bidder’s PAN, Depository Account and Bank Account Details” on page 210 given in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, with the details recorded with your Depository Participant.
7. Bids by QIBs (including Anchor Investors) will only have to be submitted to the BRLMs and / or its affiliates or to the Syndicate Member(s), other than Bids by QIBs who Bid through the ASBA process who shall submit the Bids to the Designated Branch of the SCSBs; and
8. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs or Syndicate Members. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB or Syndicate Members to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the Issue after the Bid/Issue Closing Date but before the Board meeting for Allotment. In such an event our Company would issue a public notice in the newspapers, in which the pre-issue advertisements were published within two days of the closure of the Issue, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

In the event of withdrawal of the Issue anytime after the receipt of monies from Bidders but prior to Allotment, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, i.e. from the date of withdrawal, 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 liable to repay the money, with interest at the rate of 15% per annum on application money.

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 Stock Exchanges.

Bid/Issue Programme

BID/ISSUE OPENS ON	[●]*
BID/ISSUE CLOSES ON	[●]**

*Our Company may, in consultation with the BRLMs, allocate upto 30% of the QIB Portion, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors shall bid on the Anchor Investor Bidding Date, which shall be one Working Day prior to the Bid Opening Date.

** Our Company may consider closing the Bidding by QIB Bidders one Working Day prior to the Bid/Issue Closing Date.

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 PM
2. Bids not uploaded in the book, would be rejected.
3. In case of discrepancy in the data entered in the electronic book vis-a-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.

4. The Standardization of cut-off time for uploading of bids on the Bid/ Issue Closing Date are as follows :
 - a. A standard cut-off time of 3.00 PM for acceptance of Bids and revision in Bids.
 - b. A standard cut-off time of 4.00 PM for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
 - c. A standard cut-off time of 5.00 PM for uploading of bids received from retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLMs to the Exchange within half an hour of such closure.
 - d. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and NSE.

In case of discrepancy of data between the Stock Exchanges and the Designated Branches of the SCSBs, the decision of the Registrar to the Issue, in consultation with the BRLMs, our Company and the Designated Stock Exchange, based on the physical / electronic records, as the case may be, of the ASBA Bid cum Application Forms shall be final and binding on all concerned. Further, the Registrar to the Issue may ask for rectified data from the SCSBs.

Due to limitation of 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 Closing Date and, in any case, no later than 1:00 P.M. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, 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 in the Issue. If such Bids are not uploaded, our Company, the BRLMs and the Syndicate Members shall not be responsible Bids will be accepted only on working days i.e. Monday to Friday (excluding any public holidays).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid cum Application Forms 61 and ASBA Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bid/ Issue Period in accordance with SEBI Regulations. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to the Bid/ Issue Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares subject to the Bid Amount payable on such minimum application being in the range of Rs. 5,000 to Rs. 7,000.

Underwriting Agreement

After the determination of the Issue Price and before allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Book Runners shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.

Name & Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lakhs)
PNB INVESTMENT SERVICES LIMITED 11th Floor, Dalamal House, Nariman Point, Mumbai – 400-021.	[•]	[•]
KARN MERCHANT BANKERS LIMITED EC-41, Sector – 1, Salt Lake City, Kolkata – 700 064.	[•]	[•]

The above mentioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

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

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue, except for ASBA Bids procured by the Syndicate Member(s). The underwriting agreement shall list out the role and obligations of each Syndicate Member.

CAPITAL STRUCTURE

(Rs. in Lakhs)

	Particulars	Aggregate Nominal value	Aggregate value
A	AUTHORISED SHARE CAPITAL 3,50,00,000 Equity Shares	3,500.00	3,500.00
B	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 2,00,00,000 Equity Shares	2,000.00	2,000.00
C	PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS* [•]Equity Shares	[•]	15,000.00
	Of which: Employee Reservation Portion of upto 1% of the Issue size, constituting [•] Equity Shares	[•]	[•]
	Net Issue of [•] Equity Shares	[•]	[•]
	of which		
	QIB PORTION of upto [•]Equity Shares Anchor Investor Portion is upto [•] Equity Shares** Net QIB Portion of not more than [•] Equity Shares, of which the: Mutual Fund Portion is [•] Equity Shares*** Other QIBs (including Mutual Funds) is [•] Equity Shares	[•]	[•]
	NON-INSTITUTIONAL PORTION of not less than [•]Equity Shares	[•]	[•]
	RETAIL PORTION ⁽²⁾ of not less than [•]Equity Shares	[•]	[•]
D	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE [•]Equity Shares	[•]	[•]
E	SHARE PREMIUM ACCOUNT Prior to the Issue		-
	Post the Issue		[•]

* The Issue in terms of the Draft Red Herring Prospectus has been authorized by the Board of Directors pursuant to a resolution dated October 20, 2010 and by the shareholders pursuant to a resolution in an EGM held on December 2, 2010 under section 81(1A) of the Companies Act.

**Out of the QIB Portion, our Company may consider participation by Anchor Investors for upto [•] Equity Shares in accordance with the SEBI ICDR Regulations at the Anchor Investor Issue Price of Rs. [•] per Equity Share, out of which at least one third shall be allocated to domestic Mutual Funds.

*** The Mutual Fund Portion would be 5% of the Net QIB Portion.

For further details, please refer to the section titled "Issue Procedure" on page 198 of the Draft Red Herring Prospectus.

Our Company has no outstanding convertible instruments as on the date of the Draft Red Herring Prospectus.

Changes in the authorised capital since inception are as follows:

Date of Shareholder's Resolution	Number of Shares	Face Value (In Rs.)	Cumulative number of shares	Authorized share capital (In Rs.)
At Incorporation on August 1, 2005	2,50,000	10	2,50,000	25,00,000
March 12, 2008	47,50,000	10	50,00,000	5,00,00,000
July 16, 2010	50,00,000	10	1,00,00,000	10,00,00,000
October 12, 2010	2,00,00,000	10	3,00,00,000	30,00,00,000
January 17, 2011	50,00,000	10	3,50,00,000	35,00,00,000

Notes to the Capital Structure:

1. Share Capital History

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid Up Capital (Rs.)	Cumulative Share Premium (Rs. In)
August 1, 2005	10,000	10	10	Cash	Allotment to subscribers to the MoA. Mr. Lalit R Ramani, Mr. Ramesh Kumar Ramani, Mr. Nitesh L Ramani, Ms. Vimla R Ramani and Ms. Vijaya L Ramani were each allotted 2,000 Equity Shares	10,000	1,00,000	-
March 14, 2008	20,05,070	10	10	Cash	Preferential allotment to Mr. Lalith R Ramani of 17,20,760 Equity Shares, Mr. Ramesh Ramani of 9,290 Equity Shares, Mr. Nitesh L Ramani of 1,49,300 Equity Shares, Ms. Vijaya L Ramani of 70,000 Equity Shares, Lalith (HUF) of 27,860 Equity Shares and Ramesh	20,15,070	2,01,51,000	-

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid Up Capital (Rs.)	Cumulative Share Premium (Rs. In)
					(HUF) of 27,860 Equity Shares			
March 14, 2008	3,75,800	10	10	Consideration on other than Cash	Preferential allotment to Ms. Vimala Ramani of 3,75,800 Equity Shares	23,90,870	2,39,08,700	-
March 20, 2009	1,00,000	10	200	Cash	Preferential allotment of 1,00,000 Equity Shares to M/s Anira Project Management Services Private Limited	24,90,870	2,49,08,700	1,90,00,000
September 12, 2009	24,90,870	10	NA	Consideration on other than Cash	Bonus issue of Equity Shares in the ratio of 1:1	49,81,740	4,98,17,400	-
The bonus issue was made from share premium account (Rs. 1,90,00,000 was utilized from this account) and from our free reserves and surplus (Rs. 59,08,700 was utilized from this account)								
August 27, 2010	15,06,060	10	10	Cash	Preferential allotment to Mr. Lalith R Ramani of 4,38,400 Equity Shares, Mr. Nitesh L Ramani of 9,67,660 Equity Shares and Mr. Ramesh N of 1,00,000 Equity Shares	64,87,800	6,48,78,000	-
October 25, 2010	64,87,800	10	NA	Consideration on other than Cash	Bonus issue of Equity Shares in the ratio of 1:1	1,29,75,600	12,97,56,000	-
December 27, 2010	45,24,400	10	10	Cash	Preferential allotment to Mr Lalith R Ramani of 23,34,600 Equity Shares, Mr. Nitesh L Ramani of 5,00,000 Equity Shares, Ms Vijaya L Ramani of 5,00,000	1,75,00,000	17,50,00,000	-

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid Up Capital (Rs.)	Cumulative Share Premium (Rs. In)
					Equity Shares, Ms Nillu Ramani of 83,100 Equity Shares, Ms Nisha Ramani of 1,06,700 Equity Shares, Ms Saniya N Ramani of 10,00,000 Equity Shares			
January 21, 2011	25,00,000	10	10	Cash	Preferential allotment to Mr. Lalith R Ramani of 15,00,000 Equity Shares and Mr. Nitesh L Ramani of 10,00,000 Equity Shares	2,00,00,000	20,00,00,000	-
TOTAL						2,00,00,000	20,00,00,000	-

2. **Equity Shares issued for consideration other than cash**

Date of allotment	Number of Equity Shares	Face value (Rs.)	Issue Price (Rs.)	Reasons for allotment	Allottees	Whether any benefits have accrued
March 14, 2008	3,75,800	10	Nil	Further Share Allotment *	Ms. Vimala Ramani	Business acquisition of Ratan Jewellers, a sole proprietary concern
September 12, 2009	24,90,870	10	Nil	Bonus issue of Equity Shares in the ratio of 1:1	Mr. Lalith R Ramani, Mr. Ramesh Ramani, Ms. Vijaya L Ramani, Ms. Vimala Ramani, Mr. Nitesh L Ramani, Lalith (HUF), Ramesh (HUF), M/s Anira Project Mgt Service Pvt Ltd,	Nil

					Radhakrishna	
October 25, 2010	64,87,800	10	Nil	Bonus issue of Equity Shares in the ratio of 1:1	Mr. Lalith R Ramani, Mr. Ramesh Ramani, Ms. Vijaya L Ramani, Ms. Vimala Ramani, Mr. Nitesh L Ramani, Ms. Saniya N Ramani, Lalith (HUF), Ramesh (HUF)	Nil

**Allotment of 3,75,800 Equity Shares of Rs. 10 each issued at par to Ms. Vimala Ramani for business acquisition of Ratan Jewellers, which was a sole proprietorship concern promoted by her.*

3. Promoters Share Capital Build-Up and Promoters Contribution and Lock-in

(a) Capital Built up of the Promoters

Mr. Lalith R Ramani

Date of allotment/ transfer	No. of Equity Shares	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)	Pre-Issue %	Post-Issue %	Consideration	Nature of Transaction
August 1, 2005	2,000	10	10	0.01	[●]	Cash	Initial allotment
March 14, 2008	17,20,760	10	10	8.60	[●]	Cash	Further allotment
September 12, 2009	17,22,760	10	Nil	8.61	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
August 27, 2010	4,38,400	10	10	2.19	[●]	Cash	Further allotment
October 25, 2010	38,83,920	10	Nil	19.42	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
December 27, 2010	23,34,600	10	10	11.67	[●]	Cash	Further Allotment
January 21, 2011	15,00,000	10	10	7.50	[●]	Cash	Further Allotment
Total	1,16,02,440			58.01%	[●]		

Mr. Nitesh L Ramani

Date of allotment/ transfer	No. of Equity Shares	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)	Pre-Issue %	Post-Issue %	Consideration	Nature of Transaction
August 1, 2005	2,000	10	10	0.01	[●]	Cash	Initial allotment
March 14, 2008	1,49,300	10	10	0.75	[●]	Cash	Further allotment
August 12, 2009	(10,000)	10	10	(0.05)	[●]	Cash	Transfer to Radhakrishna
September 12, 2009	1,41,300	10	Nil	0.71	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
August 27, 2010	9,67,660	10	10	4.84	[●]	Cash	Further allotment
October 25, 2010	12,50,260	10	Nil	6.25	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
December 27, 2010	5,00,000	10	10	2.50	[●]	Cash	Further allotment
January 21, 2011	10,00,000	10	10	5.00	[●]	Cash	Further Allotment
Total	40,00,520			20.00%	[●]		

Ms. Vijaya L Ramani

Date of allotment/ transfer	No. of Equity Shares	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)	Pre-Issue %	Post-Issue %	Consideration	Nature of Transaction
August 1, 2005	2,000	10	10	0.01	[●]	Cash	Initial allotment
March 14, 2008	70,000	10	10	0.35	[●]	Cash	Further allotment
September 12, 2009	72,000	10	Nil	0.36	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
October 25, 2010	1,44,000	10	Nil	0.72	[●]	Other than Cash	Bonus issue of Equity Shares in the ratio of 1:1
December 27, 2010	5,00,000	10	10	2.50	[●]	Cash	Further allotment
Total	7,88,000			3.94%	[●]		

(b) Details of Promoters' contribution locked in for three years

Name of Promoter	Date of allotment/ transfer	No. of Equity Shares Locked In	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)	Pre-Issue %	Post-Issue %	Consideration
Mr. Lalith R Ramani	/●/	/●/	/●/	/●/	/●/	/●/	/●/



Mr. Nitesh L Ramani	/●/	/●/	/●/	/●/	/●/	/●/	/●/
Ms. Vijaya L Ramani	/●/	/●/	/●/	/●/	/●/	/●/	/●/

The figures to be provided in this table shall be finalized upon determination of issue price and the no. of equity shares to be issued in the fresh issue consequent to the fresh issue.

- The minimum Promoters' contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters' under the SEBI Regulations.
- The Promoters' contribution constituting not less than 20% post-Issue paid-up equity share capital shall be locked-in for a period of three years from the date of Allotment in the Issue.
- The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations.
- Our Company has obtained specific written consent dated January 29, 2011 from the Promoters' for inclusion of the Equity Shares held by them in the minimum Promoters' contribution subject to lock-in. Further, the Promoters' have given an undertaking to the effect that it shall not sell/transfer/dispose of in any manner, Equity Shares forming part of the minimum Promoters' contribution from the date of filing the Draft Red Herring Prospectus till the date of commencement of lock-in in accordance with the SEBI Regulations.

(c) Other requirements in respect of lock-in

The Equity Shares which are subject to lock-in shall carry the inscription "non-transferable" and the non transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE and NSE, where the shares are to be listed, before the listing of the securities.

As per Regulation 39 of SEBI ICDR Regulations, locked-in Equity Shares held by the Promoters may be pledged with any scheduled commercial bank or public financial institutions as collateral security for loans granted by such banks or financial institutions, subject to the following:

- If the equity shares are locked in terms of clause (a) of Regulation 36, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of equity shares is one of the terms of sanction of the loan;
- If the equity shares are locked-in in terms of clause (b) of regulation 36 and the pledge of equity shares is one of the terms of sanction of the loan.

The Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment in the Issue can be pledged with any scheduled commercial bank or public financial institution as collateral security for loans granted by such bank or financial institution, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of our Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI ICDR Regulations, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Regulations, as amended from time to time.

Other than as disclosed above, the entire pre-issue capital of our Company shall be locked in for a period of one year.

d) Lock-in of equity shares to be issued, if any, to the Anchor Investor(s)

Any Equity Shares allotted to Anchor Investors in the Anchor Investor portion shall be locked in for a period of 30 days from the date of allotment.

4. Except as stated below, our Company has not made any issue of Equity Shares during a period of one year preceding from the date of this Draft Red Herring Prospectus, at a price which may be lower than the Issue price:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares
August 27, 2010	15,06,060	10	10	Cash	Further Share allotment to Mr. Lalith R Ramani, Mr. Nitesh L Ramani Mr. Ramesh N	64,87,800
December 27, 2010	45,24,400	10	10	Cash	Further Share allotment to Mr. Lalith R Ramani, Mr. Nitesh L Ramani, Ms. Vijaya L Ramani, Mr. Nillu Ramani, Ms. Nisha Ramani, Ms. Sania N Ramani	1,75,00,000
January 21, 2011	25,00,000	10	10	Cash	Further Share allotment to Mr. Lalith R Ramani and Mr. Nitesh L Ramani	2,50,00,000

5. **Transactions in our Company's Equity Shares by the Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.**

The details of transaction in the promoters and their relatives or the directors of our Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI is as follows: -

Name of the Promoter	Date of allotment/ transfer	No. of Equity Shares	Face value (Rs.)	Issue/ Acquisition Price per Equity Share (Rs.)	Nature of Transaction
Ms. Saniya N Ramani	September 15, 2010	10,000	10	10	Transfer from Radhakrishna
		10,000	10	10	Transfer from Radhakrishna
		1,00,000	10	10	Transfer from Ramesh N

6. **The following table presents the shareholding pattern of our Company as per clause 35 of Listing Agreement, as on date of filing the Draft Red Herring Prospectus (DRHP) with SEBI**

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percent	As a percentage	Number of shares	As a percentag

				form	age of (A+B)	of (A+B+C)		e
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	10	2,00,00,000	-	100.00	100.00	-	-
(b)	Central Government/ State Government(s)	-		-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-
(e)	Any Others (Specify)	-	-		-	-	-	-
	Sub Total(A)(1)	10	2,00,00,000	-	100.00	100.00	-	-
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
b	Bodies Corporate	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-
d	Any Others(Specify)	-	-	-	-	-	-	-
	Sub Total(A)(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	-	-	-	-	-	-	-
(B)	Public shareholding							
1	Institutions	-	-	-	-	-	-	-
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-

(f)	Foreign Institutional Investors	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-
(h)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-
B 2	Non-institutions	-	-	-	-	-	-	-
(a)	Bodies Corporate	-	-	-	-	-	-	-
(b)	Individuals	-	-	-	-	-	-	-
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	-	-	-	-	-	-	-
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-	-	-	-
(c)	Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-
	TOTAL (A)+(B)	10	2,00,00,000	-	100.00	100.00	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	10	2,00,00,000	-	100.00	100.00	-	-

7. **Pre and Post issue shareholding pattern of our Company is set out below: -**

The details of the Pre and Post issue shareholding of our company:

(Face Value of Equity shares of Rs. 10/- each)

Name of the Shareholders	Pre-Issue Equity Capital		Post – Issue Equity Capital	
	Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
Promoters				
Mr. Lalith R Ramani	1,16,02,440	58.01	1,16,02,440	
Mr. Nitesh L Ramani	40,00,520	20.00	40,00,520	

Ms. Vijaya L Ramani	7,88,000	3.94	7,88,000	
Total Holding of the Promoters	1,63,90,960	81.95	1,63,90,960	
Promoter Group				
Mr. Ramesh Ramani	4,45,160	2.23	4,45,160	
Ms. Vimala Ramani	15,11,200	7.56	15,11,200	
Ms. Saniya N Ramani	12,40,000	6.20	12,40,000	
Ms. Nillu Ramani	83,100	0.42	83,100	
Ms. Nisha Ramani	1,06,700	0.53	1,06,700	
Lalith (HUF)	1,11,440	0.56	1,11,440	
Ramesh (HUF)	1,11,440	0.56	1,11,440	
Total Holding of the Promoter Group	36,09,040	18.05	36,09,040	
Total Holding of the Promoter and Promoter Group	2,00,00,000	100.00	2,00,00,000	(*)
Non-Institutions	-	-		
Bodies Corporate	-	-	(*)	(*)
Individual shareholders holding nominal share capital upto Rs. 1 lakh.	-	-	(*)	(*)
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	(*)	(*)
Total share holding of the Non - Promoter	-	-	(*)	(*)
Initial Public Offering (IPO)	-	-	(*)	(*)
Total Shareholding	2,00,00,000	100.00	(*)	(*)

8. **Shareholders of our company and the number of Equity Shares held by them**

(a) *Our top ten shareholders and the number of Equity Shares held by them as of the date of filing of this Draft Red Herring Prospectus:*

Sl. No.	Particulars	No. of Shares	Percentage (Pre-Issue)
1	Mr. Lalith R Ramani	1,16,02,440	58.01%
2	Mr. Nitesh L Ramani	40,00,520	20.00%
3	Ms. Vimala Ramani	15,11,200	7.56%
4	Ms. Saniya N Ramani	12,40,000	6.20%
5	Ms. Vijaya L Ramani	7,88,000	3.94%
6	Mr. Ramesh Ramani	4,45,160	2.23%
7	Lalith (HUF)	1,11,440	0.56%
8	Ramesh (HUF)	1,11,440	0.56%
9	Ms. Nisha Ramani	1,06,700	0.53%
10	Ms. Nillu Ramani	83,100	0.42%
	TOTAL	2,00,00,000	100.00%



- (b) *Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of filing of this Draft Red Herring Prospectus with SEBI:*

Sl. No.	Particulars	No. of Shares	Percentage (Pre-Issue)
1	Mr. Lalith R Ramani	1,16,02,440	58.01%
2	Mr. Nitesh L Ramani	40,00,520	20.00%
3	Ms. Vimala Ramani	15,11,200	7.56%
4	Ms. Saniya N Ramani	12,40,000	6.20%
5	Ms. Vijaya L Ramani	7,88,000	3.94%
6	Mr. Ramesh Ramani	4,45,160	2.23%
7	Lalith (HUF)	1,11,440	0.56%
8	Ramesh (HUF)	1,11,440	0.56%
9	Ms. Nisha Ramani	1,06,700	0.53%
10	Ms. Nillu Ramani	83,100	0.42%
	TOTAL	2,00,00,000	100.00%

- (c) *Our top ten shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI:*

Sl. No.	Particulars	No. of Shares	Percentage (Pre-Issue)
1	Mr. Lalith R Ramani	17,22,760	72.06%
2	Ms. Vimala Ramani	3,77,800	15.80%
3	Mr. Nitesh L Ramani	1,51,300	6.33%
4	Ms. Vijaya L Ramani	72,000	3.01%
5	Lalith (HUF)	27,860	1.17%
6	Ramesh (HUF)	27,860	1.17%
7	Mr. Ramesh Ramani	11,290	0.47%
	TOTAL	23,90,870	100.00%

9. As on date of filing of this Draft Red Herring Prospectus, the total numbers of holders of Equity Shares are 10 (Ten).
10. An oversubscription to the extent of 10% of the offer to the public can be retained for the purposes of rounding off to the nearest multiple of the minimum multiple lots.

Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the number of Equity Shares held by our Promoters and subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.

In this Issue, in case of over-subscription in all categories, upto 50% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers (QIBs), of which 5% shall be reserved for Mutual Funds. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall 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 Retail Portion and Non-Institutional Portion shall be allowed to be met with spill over from the other categories, at the sole discretion of our Company in

consultation with the BRLMs and the Designated Stock Exchange. Allocation in all the aforesaid categories shall be on a proportionate basis. For more details, please refer to the paragraph titled “Method of Proportionate Basis of Allocation in the Issue” beginning on page 222 under chapter titled “Issue Procedure” of the Draft Red Herring Prospectus.

11. Our Company, our Promoters, our Directors and the Book Running Lead Managers have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person. The shares locked in by the promoters have not been pledged to any party.
12. As on date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
14. As on date, we have not raised any bridge loan against the Issue Proceeds.
15. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
16. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, 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. However, if business needs of our Company so require, we may alter the capital structure by way of split/ consolidation of the denomination of the shares/ issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities whether in India or abroad during the period of six months from the date of listing of the Equity Shares issued under this Draft Red Herring Prospectus or from the date the application moneys are refunded on account of failure.
17. We have not revalued the assets since inception.
18. Our Company has not issued or allotted any Equity Shares in terms of scheme approved under sections 391-394 of the Companies Act.
19. All the equity shares offered through this issue will be fully paid-up
20. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. We have not made any public issue since incorporation.
22. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in the Draft Red Herring Prospectus.
23. The Promoter Group, the Directors of our Company and their relatives have not financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of any such entity / individual or otherwise during the period of six months immediately preceding the date of the Draft Red Herring Prospectus
24. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours

of such transaction.

25. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any Equity Shares to our employees under ESOS/ESPS scheme from the proposed Issue.
26. Our Promoters and the Promoter Group, the BRLMs and the Syndicate Members will not participate in the Issue.
27. The Equity Shares would be issued and traded on BSE and NSE only in dematerialised form. Hence the market lot of the Equity Shares is 1 (one).
28. We confirm that our Company is in compliance with the provisions of clauses 35, 41 and 49 of the Listing Agreement, SEBI (Substantial Acquisition of Shares and takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8(3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledged shares and compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 with respect to reporting in terms of Regulation 13 or further details on the restrictive covenants contained in the various financing documents, please refer to chapter titled “Financial Indebtedness” beginning on page 159 of the Red Herring Prospectus.
29. Since the entire money in respect of the issue is being called on application, all the successful applicants will be issued fully paid-up shares.
30. The RBI has clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be eligible to be considered for share allocation.
31. As on the date of the DRHP, neither the BRLMs nor their associates hold any Equity Shares.
32. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in the Draft Red Herring Prospectus.
33. None of our Directors or key managerial personnel hold any Equity Shares in our Company except as under:

Sl.No.	Name of Shareholder	Number of Shares	Percentage (Pre Issue)
1	Mr. Lalith R Ramani	1,16,02,440	58.01%
2	Mr. Nitesh L Ramani	40,00,520	20.00%
3	Ms. Saniya N Ramani	12,40,000	6.20%
4	Ms. Vijaya L Ramani	7,88,000	3.94%



SECTION V – OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue for the following purposes:

1. For up-gradation of existing manufacturing facility at Bengaluru.
2. For setting up a manufacturing unit in Hyderabad Gems SEZ, Andhra Pradesh.
3. For setting up 12 retail stores in the State of Karnataka i.e. Bengaluru (3 stores), Hubli, Shimoga, Belgaum, Rannebennur, Davangere, Chitradurga, Bellary, Hospet and Madikere.
4. For setting up a Branch Office in Dubai.
5. To meet the Long Term Working Capital requirement (Domestic Sales & Export Sales)
6. Brand Building Exercise
7. General Corporate Expenses
8. To meet the Issue Expenses

Our Company believes that the listing of our Equity Shares will enhance our Company's brand name further and create a public market for its Equity Shares in India.

The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association enable our Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue. Further, we confirm that the activities carried out until now are in accordance with the object clause of the Memorandum of Association of our Company.

We intend to utilize the proceeds of the Issue, after deducting our Company's share of the underwriting fees, issue management fees, selling commissions and other expenses associated with the Issue (the "Net Proceeds"), to meet the aforementioned Objects.

Cost of Project

(Rs. In Lakhs)

S. No.	Particulars of Expenditure	Total fund requirement	Estimated Deployment of Funds in 2010 - 2011	Estimated Deployment of Funds in 2011 - 2012
1	For up gradation of existing manufacturing facility at Bengaluru	330.00	100.00	230.00
2	For setting up a manufacturing unit in Hyderabad Gems SEZ*	500.00	[●]	500.00
3	For setting up 12 Retail Stores in the State of Karnataka	3,370.00	[●]	3,370.00
4	For setting up a Branch Office in Dubai*	200.00	[●]	200.00
5	a) Working Capital - Domestic	5,800.00	[●]	5,800.00
	b) Working Capital - Exports	1,400.00	[●]	1,400.00
6	Brand Building Exercise	1,900.00	1.63	1898.37
7	General Corporate Expenses	[●]	[●]	[●]
8	IPO Expenses	[●]	55.85	[●]
	TOTAL	[●]	[●]	[●]

Means of Finance

The aforementioned objects are proposed to be financed as follows:

(Rs. In Lakhs)

Particulars	Amount
Issue of Equity Shares	[●]
Internal Accrual	[●]
Total	[●]

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are

based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

The aforementioned fund requirement will be met entirely from the proceeds of this Issue. We shall recoup the expenses incurred up to the listing of the Equity Shares from the Issue Proceeds.

In case of shortfall, if any, we may explore other sources of funds including internal accruals arising from our future operations and/or debt. In case of any variations in the actual utilization of funds earmarked for the objects mentioned above or in case of increased fund requirements for a particular object, the shortfall, if any, may be financed by surplus funds, if any, available for other objects and/or our Company's internal accruals and/or working capital loans that may be availed from the banks/financial institutions, to the extent of such shortfall. Any surplus from the proceeds of the Issue after meeting the primary objects mentioned above, if any, will be used for our general corporate purposes.

We operate in a highly competitive, dynamic market environment, and may have to revise our estimates from time to time on account of new initiatives that we may pursue including any potential acquisition opportunities. Consequently our fund requirements may also change, which may include rescheduling or re-working of our expansion/ investments. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our management / Board. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; construction/development delays; and changes in management's views of the desirability of current plans, among others.

Since the entire fund requirement will be met fully from the proceeds of this Issue, there is no requirement for any other firm arrangements of finance. Thus we are in compliance with the Regulation 4(2) (g) of the SEBI ICDR Regulations for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, as the same does not apply to us.

BREAK UP OF THE COST OF PROJECT

The detailed break up of the Cost of Project is as under:

1. FOR UP GRADATION OF EXISTING MANUFACTURING FACILITY

We are in the process of upgrading our existing manufacturing facility at No. 29, Golden Chambers, Lalbagh Fort Road, Minerva Circle, Bengaluru – 560 004, Karnataka, India. The details of the expenditure, as per quotations received from the suppliers, are as under:

Sl No	Particulars	Supplier Name	Amount (Rs. In Lakhs)
1	Manufacturing Machines	Precious Export Corporation	100.00
2	Carat Meter	Ashlyn Chemunoor Instruments Pvt Ltd	8.00
3	Manufacturing Machines	Mehta CAD CAM Systems Pvt Ltd	40.00
4	Computers	Caddons	7.00
5	Manufacturing Machines	Dison - Tec Exports	13.00
6	Xerox Work Centre	Accura Solutions	5.00
7	CCTV	Red Fort	15.00
8	Laser Marking Machine	Mehta CAD CAM Systems Pvt Ltd	16.00
9	Manufacturing Machines	Amar Machine Tools	26.00
10	Furniture for Factory	Sicorp	92.50
11	Generator	SLV Power Corporation	7.50
	Total		330.00

*No additional land/property is required to undertake the proposed up gradation.

2. FOR SETTING UP A MANUFACTURING UNIT IN HYDERABAD GEMS SEZ

We are going to set up a manufacturing unit in Hyderabad Gems SEZ Limited which has its office at Survey no: 1/1, Opposite RCI 2nd Gate, Ravirala Village Road, Maheswaram Mandal, Ranga Reddy District, Andhra Pradesh, India 500 005. We are in receipt of acceptance of our Letter of Intent (LOI) and 6500 sq. ft. of manufacturing space has been allotted to us in the SDF building at Hyderabad Gems SEZ.

The following benefits will be available to us for conducting business in SEZ:

- 15 year corporate tax holiday on export profit- 100% for 5 years, 50% for the next five years and upto 50% for the balance 5 years equivalent to profits ploughed back for investment.
- Allowed to carry forward losses
- Exemption from minimum alternate tax under Section 115JB of the Income Tax Act.
- Exemption from custom duty on import of capital goods
- Exemption from payment of Central Sales Tax
- Exemption from payment of Service Tax on the services provided
- The services that are provided outside the SEZ (i.e., in DTA) and which is purchased by the Unit (situated in the SEZ) is eligible for deduction and such services would be deemed to be exports.
- The SEZ unit is permitted to realise and repatriate to India the full export value of services or software within a period of twelve months from the date of export.
- "Write- off" of unrealised export bills is permitted up to an annual limit of 5% of their average annual realization.

The detailed breakup of the expenditure is as under:

S. No	Particulars	Amount (Rs. In Lakhs)
A.	Lease Deposit, Documentation	26.00
B.	Civil Work	43.00
C.	Plants & Machinery	431.00
	Total	500.00

Based on our prior experience and quotations received from architects the estimated costs involved in setting up a new manufacturing unit in Hyderabad Gems SEZ is as follows:

A. Lease Rent Deposit

It is proposed to take office premises on lease basis. The details of the same are as follows:

Sr. No	Particular	Details
1	Location	Hyderabad Gems SEZ Limited
2	Area	6,500 Sq. Ft*
3	Lease Rent Deposit	26.00 Lakhs **

* The entire space of 6,500 Sq. Ft. will be obtained in September 2011.

** The rent for the proposed unfurnished manufacturing unit is Rs. 40.0 per Sq. Ft. per month. Pursuant to taking possession of unfurnished manufacturing unit on lease, our Company would be required to place an upfront interest-free deposit of 10 months' rent. The outlay on lease rent deposit is estimated to be Rs. 26.00 Lakhs (6,500 x 10 x Rs. 40.0).

B. Civil Work

We have obtained the quotations for completing civil works at the manufacturing unit to be set up in Hyderabad Gems SEZ. The quotations have been sought from Sicorp, Calicut, Kerala. The total expenditure as per the received quotation is Rs. 43.00 Lakhs.

C. Plants & Machinery

We have obtained the quotations for purchasing the plants and machinery at the manufacturing unit to be set up in Hyderabad Gems SEZ. The details of the expenditure are as under:-

S No	Particulars	Supplier Name	Amount (Rs. in Lakhs)
1	Manufacturing Machines	Solanki Mechanic Works	102.00
2	Manufacturing Machines	Millenia Technologies	88.00
3	Wire & Sheet Rolling Machine	H.K. Malvi Industries	5.00
4	Bangle Making Machinery	H.K. Industries	13.00
5	Manufacturing Machines	Amar Machine Tools	65.00
6	Manufacturing Machines	Mehta CAD CAM Systems Pvt Ltd	40.00
7	Hallmarking Machine	A-1 Hallmarking Centre	8.00
8	Generator	SLV Power Corporation	110.00
	Total		431.00

3. FOR SETTING UP BRANCH OFFICE IN DUBAI

We are going to set up a branch office of 1000 Sq. Ft. in Gold Souq, Diera, Dubai. Since, we are 100% EOU, mainly dealing with overseas market, and our substantial portion of revenue is realised from Dubai; hence setting up a fully fledged branch office will enable us to give growth to our business. We have identified the place in Dubai but are yet to enter into an agreement and yet to apply for necessary approvals. The detailed break up is as under: -

Sl. No	Particulars	Amount (Rs. In Lakhs)
A	Lease Deposit	150.00
B	Interiors & Furniture	50.00
	Total	200.00

A. Lease Deposit

It is proposed to take office premises on lease basis. The details of the same are as follows

Sr. No	Particular	Details
1	Location	Gold Souq, Diera, Dubai
2	Area	1,000 Sq. Ft*
3	Lease Rent Deposit	150.00 Lakhs **

* The entire space of 1,000 Sq. Ft. will be obtained in September 2011.

** Based on our prior experience, the rent for the proposed unfurnished office premises is estimated at Rs. 150.0 per Sq. Ft per month. Pursuant to taking possession of unfurnished office premises on lease, our Company would be required to place an upfront interest-free deposit comprising of 10 months' rent. The outlay on lease rent deposit is estimated to be Rs. 150.0 Lakhs (1,000 x 10 x Rs.150.00).

B. Interiors & Furniture

Based on our prior experience, the interiors and furniture for the proposed branch office in Gold Souq, Diera, Dubai is estimated at Rs. 5000 per Sq. Ft. The outlay for interiors and furniture is estimated to be Rs. 50.00 Lakhs (1,000 x 5,000 = 50.00 Lakhs).

4. FOR SETTING UP 12 RETAIL STORES IN THE STATE OF KARNATAKA

We intend to start our retail business by launching 12 Retail Stores in various parts of the State of Karnataka, India. Accordingly, we propose to deploy Rs. 3,370 Lakhs, from the Net Proceeds of the issue for establishing 12 Retail Stores in 10 cities by December 2011 ("Proposed Retail Stores"). All the Proposed Retail Stores will be operated by our Company and the premises for the stores will be purchased by end of December 2011. The size of our Proposed Retail Stores may vary between 1000 Sq. Ft. and 6000 Sq. Ft. The list of cities where our Proposed Retail Stores shall be launched and the year of roll out is as set out below:

Cities	Expected
Bengaluru (3 stores), Hubli, Shimoga, Belgaum, Rannebennur, Davangere, Chitradurga, Bellary, Hospet and Madikere	December 2011

The detailed break-up of the expenditure for establishing the Proposed Retail Stores, as per valuation certificate dated 28th December 2010 received from Sri Eswar Associates, Bengaluru (Chartered Engineers, Government Approved Valuers), is as under: -

Sl. No	Particulars	Amount (Rs. In Lakhs)
1	Building	2,600.00
2	Interiors & Furniture	500.00
3	Other Deposit	55.00
4	Plants & Machinery	215.00
	TOTAL	3,370.00

A. Building and Interiors & Furniture

S No.	Particulars	Area (Sq. Ft)	Building Cost (Rs. In Lakhs)	Interior Cost (Rs. In Lakhs)
1	Bengaluru - Jayanagar	6,000	800.00	100.00
2	Bengaluru - Marathalli	3,000	400.00	60.00
3	Bengaluru - Banashankari	2,000	300.00	40.00
4	Shimoga	1,000	100.00	20.00
5	Hubli	4,000	200.00	60.00
6	Belgaum	1,000	100.00	20.00
7	Rannebennur	1,000	75.00	20.00
8	Davangere	2,000	100.00	40.00
9	Chitradurga	2,000	75.00	40.00
10	Bellary	2,000	200.00	40.00
11	Hospet	1,000	100.00	20.00
12	Coorg, Madikere	2,000	150.00	40.00
	TOTAL		2,600.00	500.00

B. Deposits:

Based on the management estimates, we propose to deploy Rs. 55.0 Lakhs, towards electricity deposit and telephone deposit from the Net Proceeds of the issue for the Proposed Retail Stores in various parts of the State of Karnataka, India.

C. Plants & Machinery

S No	Particulars	Supplier Name	Amount (Rs. in Lakhs)
1	Carat Meter	Ashlyn Chemunnoor Instruments Pvt Ltd	90.00
2	Bar Code Machine	Yash Agencies	5.00
3	Weighing Machines	Afra International FZC	10.00

4	Software Systems	Indsoft Software Technologies (P) Ltd.	40.00
5	Generator	SLV Power Corporation	70.00
	TOTAL		215.00

1. BRAND PROMOTION

In order to establish our jewellery brand “Ayiri”, “Eka”, “Nakash”, “Varistha”, our company intends to deploy Rs. 2,000.00 Lakhs out of net proceeds, as detailed below:

Sl. No.	Particulars	Amount (Rs. In Lakhs)
1	Electronic Media	500.00
2	Print Media	300.00
3	Brand Ambassador	300.00
4	Outdoor Media	200.00
5	In store Branding	200.00
6	Trade Show	200.00
7	Contingency	200.00
Total ::		1,900.00

We believe our proposed brand development exercise, as detailed above, will create a positive impact on our brand awareness and brand recall.

2. WORKING CAPITAL

Our business requires a significant amount of working capital. We supply jewellery to our customer’s credit provided by us, in accordance to our current credit policy. The working capital requirement has been calculated on the basis of additional working capital, which will be required after the implementation of expansion plans of our company. These expansion plans are expected to be completed in Financial Year 2011-2012. We are proposing to meet our net working capital requirements to the extent of Rs. 7,200 Lakhs, from the proceeds of the Issue. Our proposed Working Capital requirement and funding for the same is given hereunder:

Particulars	Holding period (Days) *	Audited for 2009-10	Holding period (Days) *	Estimates for 2010- 2011	Projections for 2011- 2012
CURRENT ASSETS					
Raw Material (Exports)	7	165.00	7	676.00	1,266.00
Other Consumable Spares		0.00		0.00	0.00
Work in Progress (Exports)	15	0.00	15	34.00	112.00
Finished Goods (Exports)	7	414.00	7	662.00	6.00
Finished Goods (Domestic)	90	0.00	90	0.00	6,029.00
Sundry Debtors (Exports)	60	3,544.00	45	6,516.00***	9,462.00***
Total Current Assets (A)		4,123.00		7,888.00	16,875.00
CURRENT LIABILITIES					
(Other than Bank Borrowings)					
Sundry Creditors (Exports)	1	29.00	1	95.00	181.00
Sundry Creditors (Domestic)	3	0.00	3		204.00
Other Liabilities (Domestic)		140.00		0.00	25.00
Provisions				0.00	0.00
Total Current Liabilities (B)		169.00		95.00	410.00
Net Working Capital Gap (A-B) (I)		3,954.00		7,793.00	16,465.00



Margin for Working Capital funded through internal accruals (C)		886.00		2,293.00	1,265.00
Net Working Capital		3,068.00		5,500.00	15,200.00
Bank Finance		3,068.00		5,500.00**	8,000.00
PROPOSED WORKING CAPITAL TO BE FUNDED FROM IPO					7,200.00

* The holding period is calculated talking 300 days in a year.

** An amount of Rs.5,500 Lakhs is funded by SBI, Overseas Branch, Bengaluru vide letter no OSB/RM2/676 dated 06.09.2010 and towards additional working Capital for 2011-12 Rs.2,500 Lakhs is funded thru ICICI Bank, Bengaluru, vide letter no: CAL No: /01/W36BLR/29884 dated 2.12.2010 and the balance Rs. 1,400 Lakhs to be funded through proceeds of the present IPO.

Note: Although ICICI Bank has sanctioned the additional working capital facilities for 2011-12 of Rs.2,500 Lakhs, our Company is yet to avail the same.

*** The Sundry Debtors estimated for 2010-11 and 2011-12 represents 60 Days Holding Period

Justification for holding period levels:

Inventory: Inventory holding levels of Raw Materials, Semi-finished goods, Finished goods, etc. are expected to be in line with March 10 levels.

Receivables: Receivables on account of export sales are expected to be the same as FY 2010

The total working capital requirement of Rs. 7,200.00 Lakhs is proposed to be funded from the proceeds of the Present IPO.

All the above projections are based on management estimates and have not been appraised by any bank or financial institutions.

7. GENERAL CORPORATE PURPOSES

We intend to use approximately [●] Lakhs from the net proceeds of the Fresh Issue towards general corporate purposes. Our Board of Directors will have the flexibility in sanctioning the utilization of these proceeds for general corporate purpose including assessment of new opportunities, expansion of our operations domestically, and / or internationally through the organic / inorganic route and other strategic initiatives.

Our Board of Directors will review various requirements from time to time and in response to the competitive and dynamic nature of the industry, our management will have the discretion to revise our business plan from time to time.

To the extent that we seek to advance on any of the above mentioned fronts, we will utilize part of the funds raised in this Issue towards this purpose. In the interim, if opportunities for inorganic growth or any other strategic initiatives arise these funds will be utilized for the said initiatives.

We may utilize more than 25% of the proceeds of the Net Issue Proceeds for General Corporate Purpose including but not limited to repayment or prepayment of loans taken by our Company, meeting our working capital requirements, entering into strategic alliances, joint ventures and acquisitions and meeting exigencies which our Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors. However, as on date, we may not be in a position to indicate the purpose for which these proceeds of the Issue will be utilised.

8. ISSUE EXPENSES

The expenses of the Issue includes, amongst others, lead managers' fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The breakup of the issue expenses is as under:

Sr. No.	Nature of Expenses	Amount *	% to the Total Expenses*	% to the Issue*
1.	Lead Managers' Fee, Underwriting Commissions and Selling Commissions, SCSB's commission	[●]	[●]	[●]
2.	Advertising and Marketing Expenses	[●]	[●]	[●]
3.	Printing and Stationery	[●]	[●]	[●]
4.	Registrars fees, Legal Counsel	[●]	[●]	[●]
5.	Grading fees	[●]	[●]	[●]
6.	Fees payable to SEBI, Stock Exchanges etc.	[●]	[●]	[●]
7.	Others / Miscellaneous	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* will be completed after finalization of the Issue Price

Pursuant to Regulation 26(7) of the SEBI ICDR Regulations, our Company needs to obtain grading for this IPO from at least one credit rating agency. In this regard we have appointed [●] and the total expenses for IPO Grading are estimated to be Rs. [●] Lakhs, which is [●] % of the Issue size. All expenses related to the Issue, including listing fees and issue management fee, will be borne entirely by our Company.

Schedule of Implementation

The proposed schedule of implementation is detailed below:

S. No.	Particulars of Expenditure	Commencement	Completion
1	For up gradation of existing manufacturing facility at Bengaluru	November 2010	September 2011
2	For setting up a manufacturing unit in Hyderabad Gems SEZ	July 2011	December 2011
3	For setting up 12 retail stores in the State of Karnataka	July 2011	December 2011
4	For setting up a branch office in Dubai	September 2011	December 2011
5	a) Working Capital – Domestic	July 2011	March 2012
	b) Working Capital – Exports	July 2011	March 2012
6	Brand Building Exercise	November 2010	March 2012
7	General Corporate Expenses	July 2011	March 2011
8	IPO Expenses	October 2010	June 2011
	TOTAL		

Sources & Deployment of Funds

As per Certificate from our Statutory Auditor, M/s Hiremath & Co., Chartered Accountants, dated January 26, 2011, we have incurred an expenditure of Rs.157.48 Lakhs (Rupees One Hundred Fifty Seven Lakhs and Forty Eight Thousand only) towards the objects mentioned in the Draft Red Herring Prospectus for the proposed Initial Public Offering of Ratanchand Jewellers Limited up to January 25, 2011. The breakup of the expenditure incurred till date is given as under:

(Rs. In Lakhs)

Particulars	Amount
Sources of Funds	
Internal Accruals	157.48
Total	157.48
Deployment of Funds	
Up gradation of Existing Manufacturing Facility at Bengaluru	100.00



Particulars	Amount
Brand Building Expenses	1.63
Issue expenses	55.85
Total	157.48

Appraisal

The funds requirement and funding plans are our own estimates and have not been appraised by any bank/ financial institution or appraising agency.

Interim use of funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by our Board of Directors from time to time. Any revision / cancellation in deployment of funds on any of the objects of the issue shall be carried out after obtaining due approvals from shareholders /regulators etc.

Monitoring of Utilisation of Funds

Our Board will monitor the utilization of the proceeds of the Issue. No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors or Key Managerial Personnel, except in the usual course of business. We will disclose the details of the utilisation of the proceeds, including interim use, under a separate head in our financial statements 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.

Furthermore, pursuant to Clause 49 of the listing agreements with the Stock Exchanges, we shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in the Prospectus, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through this Issue has not been fully spent. This statement shall be certified by the statutory auditor of our Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter. Our Company shall inform material deviations in the utilization of issue proceeds to the Stock Exchanges and shall also simultaneously make the material deviations/adverse comments of the Audit Committee public through advertisement in newspapers.



TERMS OF THE ISSUE

The Equity shares being offered are subject to the provision of the Companies Act, SEBI ICDR Regulations, our Memorandum and Articles of Association, the terms of this offer document, Bid-cum-Application Form, ASBA Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

Terms of Payment

Applications should be for a minimum of [*] equity shares and [*] equity shares thereafter. The entire price of the equity shares of Rs. [*] per share (Rs. 10/- face value + Rs. [*] premium) is payable on application. In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded by us to the applicants.

Authority for the Issue

The issue of Equity Shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on October 20, 2010. The shareholders of our Company authorized and approved this Issue under Section 81(1A) of the Companies Act by a Special Resolution in the Extra-ordinary General Meeting of the Company held on December 2, 2010.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of Allotment.

Face Value and Issue Price per Share

The Equity Shares having a face value of Rs. 10/- each are being offered in terms of this DRHP at a price of Rs. [*] per Equity Share. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares will be in dematerialized mode, the tradable lot is one Equity Share. Allocation and allotment of Equity Shares through this Offer will be done only in electronic form in multiples of 1 Equity Share subject to a minimum allotment of [*] Equity Shares to the successful bidders.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue to the Public including devolvement of the Underwriter, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we and every Director of our Company who is an officer in default, shall pay the amount with interest as prescribed under Section 73 of the Companies Act. If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received.



BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 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 also refer to the section “Risk Factors” on page 12 and “Financial Statements” on page 138 to get more informed view before making an investment decision.

Qualitative Factors:

- Strong and long-term relationship with our customers
- Integrated player with domain knowledge
- Our Promoter’s experience and a strong management team

For details, please refer to “Business Overview” beginning on page 93 of this Draft Red Herring Prospectus.

Quantitative Factors:

Information presented in this section is derived from the audited financial statement for the year ended March 31, 2008, 2009, 2010 and nine months ended December 31, 2010 in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for deciding the price, are as follows:

1. Weighted Average Earnings Per Equity Share (of face value Rs. 10/- each)

Period	EPS (INR)	Weight
Year Ended March 31, 2008	61.32	1
Year Ended March 31, 2009	12.63	2
Year Ended March 31, 2010	16.05	3
Nine months Ended December 31, 2010	24.44	
Weighted Average (In Rs.)	22.45	

Notes:

- The basic and diluted EPS have been calculated in compliance with Accounting Standard - 20 issued by the Institute of Chartered Accountants of India.
- Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period and after considering the dilutive potential of share application money.
- The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue.
- The face value of each Equity Share is Rs. 10

2. Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [•] per Equity Shares of Rs. 10/- each

Particulars	P/E ratio
P/E ratio in relation to the Floor Price	[•] times
P/E ratio in relation to the Cap Price	[•] times
P/E based on EPS for the year Ended March 31, 2010	[•] times
P/E based on Weighted average EPS	[•] times
Industry P/E*	
Highest (Asian Star Company)	41.8 times
Lowest (Parekh Platinum)	2.40 times
Industry Composite	9.90 times

* Source: Capital Market Vol. XXV/24, January 24, 2011 –February 06, 2011; Sector: Diamond Cutting/Jewellery

3. Return on Net Worth

Period	RoNW (%)	Weight
Year Ended March 31, 2008	21.43	1
Year Ended March 31, 2009	35.04	2
Year Ended March 31, 2010	41.80	3
Nine months Ended December 31, 2010	46.61	
Weighted Average (%)	36.15	

Note: 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 Total Net Worth after Issue required to maintain Pre-issue EPS for the year ended March 31, 2010

At the Floor Price:	[●] %
At the Cap Price	[●] %

5. Net Asset Value (NAV) per Equity Share (of face value Rs. 10 each)

NAV per Equity Share as on March 31, 2010	29.77
NAV per Equity Share as on December 31, 2010	22.06
NAV per Equity Share after the Issue	[●]
Issue Price	[●]

Note: (a) The 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

The comparable ratios of the companies which are to some extent similar in business are given as follows:

<i>Name of our company</i>	<i>Face Value (INR)</i>	<i>EPS (INR)</i>	<i>P/E</i>	<i>RoNW (%)</i>	<i>Book value per share (INR)</i>
Ratanchand Jewellers Limited (as on 31.3.2010)	10.00	16.05	[●]	41.80%	29.77
Peer Group					
Thangamayil Jewellery Ltd.	10.00	11.0	9.7	29.8	54.60
Renaissance Jewellery Ltd.	10.00	11.9	6.1	10.6	121.0
Goldiam International Ltd.	10.00	1.3	9.7	2.4	60.8

* Source: Capital Market Vol. XXV/24, January 24, 2011 – February 06, 2011; Sector: Diamond Cutting/Jewellery

7. The face value of Equity Shares of Ratanchand Jewellers Limited is Rs. 10/- and the Issue Price is [●] time of the Face Value.

The Issue Price of Rs. [●] per Equity Share has been determined by the issuer in consultation with the BRLMs to the issue on the basis of the demand from investors through Book Building Process and is justified based on the above factors. The face value of the Equity Shares is Rs. 10/- each. 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.

On the basis of the above parameters the Issue Price of Rs. [●] per share is justified.



STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
No. 29, Golden Chambers,
Lalbagh Fort Road,
Minerva Circle,
Bengaluru – 560 004,
Karnataka,
India.

Dear Sirs,

Sub.: Statement of Possible Direct Tax Benefits available to the Company and to its shareholders

We hereby report that the enclosed statement states the possible direct tax benefits available to the Ratanchand Jewellers Limited (the “Company”) and to its shareholders under the Income-tax Act, 1961 and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or the shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company and the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives which the Company may face in the future and accordingly, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement 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 his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We neither express any opinion nor 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 statement 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.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Ratanchand Jewellers Limited. We shall not be liable to Ratanchand Jewellers Limited for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment, as judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

For HIREMATH & CO.
Chartered Accountants

Hiremath Somashekar G
Proprietor
Membership No. 203338
Firm No. 0070858

Place: Bengaluru
Date: January 20, 2011

I. Special Benefits currently available and Available in Future to the Company Under the Income Tax Act, 1961

1. Section 10B of the Income-Tax Act provides that the Company is eligible to claim a benefit with respect to:

profits derived by its 100% Export Oriented Undertaking for a period of Ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software as the case may be. The Company is eligible, subject to the prescribed conditions, deduction of 100% of the profits and gains derived from export of goods from its manufacturing unit at EOU for Ten consecutive assessment years.

The benefit under section 10B shall not be allowed to an undertaking from the assessment year beginning on the 1st day of April, 2012 and subsequent years.

The Undertaking is identified as 100% Export Oriented by the Board appointed in this behalf by the Central Government u/s 14 of the Industrial (Development and Regulation) Act, 1951. Statutory approval by the Board as 100% EOU has been obtained for availing exemption U/s 10B. Deduction is available U/s 10B provided; the company has claimed deduction in the return of income. Moreover, the return of income shall be submitted on or before the due date specified under sub-section (1) of section 139.

The Company is Eligible to Claim the Following as deduction:

Export Profit = Profit of the business X Export Turnover/Total Turnover of the business carried on by the undertaking.

II. General Tax Benefits available to the company Under the Income-Tax Act, 1961

1. The long-term capital gains arising to the Company from the transfer of listed securities on any recognized stock exchange be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.

2. The long-term capital gains other than 1 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition /improvement.

3. Short-term capital gains arising on transfer of equity shares or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction.

4. In accordance with and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, capital gains arising on transfer of long-term capital assets of the Company shall be exempt from capital gains tax to the extent of amount invested, if the investment in specified securities are made within six months from the date of transfer of the original asset.

5. The Company will be entitled to amortize one fifth expenditure incurred on public issue of shares, under section 35D (2) (c) (iv) of the Income-Tax Act subject to the overall limits specified in the section 35D (3) of the Income-Tax Act provided that such expenditure is incurred for extension of its undertaking or in connection with setting up a new unit.

6. Section 72 of the Income-Tax Act provides that the business loss shall be carried forward to the following assessment year to be set off against the profits and gains of business and profession. The amount of loss not set off shall be allowed to be carried forward for next eight assessment years subject to the provisions of the Income-Tax Act. Unabsorbed depreciation loss, if any, for any assessment year can be carried forward and set off against any source of income of subsequent assessment years as per section 32 of the Income-Tax Act.

7. As per section 74 of the Income-Tax Act, short-term capital Gain loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. The amount of loss not set off, if any, could be carried forward for eight years for claiming set-off against

subsequent years' short term as well as long term capital gains. Long term capital gain loss suffered during the year is allowed to be set-off against long-term capital gains. The amount of loss not set off, if any, could be carried forward for eight years for claiming set-off against subsequent years' long - term capital gains.

III Special Benefits available to the Resident Shareholders of the Company (including domestic companies) under the Income-Tax Act, 1961

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.
2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act ,if the shares are long-term capital asset (i.e. held for more than 12 months) and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Income Tax Act.
3. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the company otherwise than as mentioned in para 2 above, shall be chargeable to the capital gains tax at the rate of 20% (plus applicable surcharge and education cess) computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.
4. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to tax in accordance with the proviso to sub-section (1) of section 112 of the Income-Tax Act.
5. Short-term capital gains arising on transfer of the shares (i.e. held for less than 12 months) of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Income-Tax Act.
6. The short-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in para 5 above, shall be chargeable to the capital gains tax at the normal tax rate applicable.
7. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 2 above) shall be exempt from capital gains tax, if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
8. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company (not covered under para 2 above) held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilized, for construction of a residential house within three years.
9. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Income-Tax Act.
10. Section 72 of the Income-Tax Act provides that the business loss computed in accordance with the provisions shall be carried forward to the following assessment year to be set off against the profits and gains of business and profession and the balance shall be allowed to be carried forward for next 8 assessment years subject to the provisions of the Income-Tax Act.
11. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set- off against subsequent years' long term capital gains.

V Benefits available to Non-Resident Indians / Non Resident Shareholders (including foreign companies) (Other than FIIs and Foreign Venture Capital Investors) under the Income-Tax Act, 1961

A. General Tax Benefits

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.
2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act, if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction,. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the Income-Tax Act.
3. In accordance with, and subject to section 48 of the Income-Tax Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under Para 2 above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized, in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency. such that, the afore said manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares of the Company.
4. The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in paras 2 and 3 above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.
5. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act, if securities transaction tax has been charged on the said transaction.
6. In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company not covered under para 2 above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
7. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Income-Tax Act ,long-term capital gains arising on transfer of the shares of the Company not covered under point 2 above held by an non-resident individual shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilized for construction of a residential house within three years.
8. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36 (1) (xv).
9. Section 72 of the Income-Tax Act provides that the business loss computed in accordance with the provisions of the Income-Tax Act, shall be carried forward to the following assessment year to be set off against profit of business and profession and the balance shall be allowed to be carried forward for next 8 assessment year subject to the provisions of the Income-Tax Act.
10. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains.

B. Special Tax Benefits

1. Under the provisions of section 90(2) of the Income-Tax Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the non-resident if the said provisions are more beneficial than the provisions under the Income-Tax Act.

2. Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Income-Tax Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.
3. As per section 115A of the Income-Tax Act, where the total income of a Non-resident (not being a company) or of a foreign company includes dividends (other than dividends referred to in section 115O of the Income-Tax Act), tax payable on such income shall be aggregate of amount of income-tax calculated on the amount of income by way of dividends included in the total income, at the rate of 20 per cent (plus applicable surcharge and education cess).
4. Under section 115E of the Income-Tax Act, NRIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under para 2 above.
5. Under section 115F of the Income-Tax Act, and subject to the conditions and to the extent specified therein, long term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under para 2 above shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Income-Tax Act.
6. In accordance with the provisions of section 115G of the Income-Tax Act, NRIs are not obliged to file a return of income under section 139(1) of the Income-Tax Act, if their only source of income is income from investments or income by way of long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Income-Tax Act.
7. In accordance with the provisions of section 115H of the Income-Tax Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Income-Tax Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
8. As per the provisions of section 115-I of the Income-Tax Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Income-Tax Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Income- Tax Act. The said Chapter *inter alia* entitles NRIs to the benefits stated there under in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

VI. Benefits available to Foreign Institutional Investors (FIIs) under the Income-Tax Act, 1961

1. Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Income-Tax Act.
2. Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the Income-Tax Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction.
3. Under section 115AD(1)(b)(iii) of the Income-Tax Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point 2 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).
4. Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the Income-Tax Act if securities transaction tax has been charged on the said transaction.
5. Under section 115AD(1)(b)(ii) of the Income-Tax Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under point (iv) above will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).
6. Under the provisions of section 90(2) of the Income-Tax Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII if the said provisions are more beneficial than the provisions under the Income-Tax Act.
7. As per Section 74 of the Income-Tax Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off

against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

8. Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1) (xv).

9. In accordance with, and subject to the conditions, including the limit of investment of Rs.50 lakhs, and to the extent specified in section 54EC of the Income-Tax Act, long-term capital gains arising on transfer of the shares of the Company not covered under point 2 above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term Income-Tax Act, shall be carried forward to the following assessment year to be set off against profit of business and profession and the balance shall be allowed to be carried forward for next 8 assessment year subject to the provisions of the Income-Tax Act.

10. As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Income-Tax Act, the provisions of the Income-Tax Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

VII. Special Benefits available to Venture Capital Companies/Funds under the Income-tax Act, 1961

1 Any income received by venture capital companies or venture capital funds set up to raise funds for investment in a venture capital undertaking, registered with the Securities and Exchange Board of India, subject to the conditions specified in section 10 (23FB) of the Income-Tax Act, is eligible for exemption from income tax. However, the income distributed by the Venture Capital Companies/Funds to its investors would be taxable in the hands of the recipients.

2 As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to income which does not form part of the total income under the Income-Tax Act.

VIII. Special Benefits available to Mutual Funds under the Income-tax Act, 1961

1. Under section 10(23D) of the Income-Tax Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorized by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

IX. Benefits to shareholders of the Company under the Wealth-tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957. Hence the shares are not liable to Wealth Tax.

X. Benefits to shareholders of the Company under the Gift-tax Act, 1958

Gift made after 1st October 1998 is not liable for gift tax, and hence, gift of shares of the Company would not be liable for gift tax. However, as per section 56(1) (vii) (c) of Income Tax Act, 1961, gift of shares to an individual or Hindu undivided family would be taxable in the hands of the donee as "Income From Other Sources" subject to the provisions of the Act.

Notes:

- (i) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- (ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has Fiscal domicile.
- (iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



(iv) The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

For HIREMATH & CO.
Chartered Accountants

Hiremath Somashekar G
Proprietor
Membership No. 203338
Firm No. 0070858

Place: Bengaluru
Date: January 20, 2011

SECTION VI – ABOUT US

INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

Indian Gems & Jewellery Industry

Gems and Jewellery (G&J) has been culturally imbibed within the Indian civilisation since millennia for both its aesthetic as well as value-based qualities. Precious metals and stones have been an integral part of the Indian civilisation since its recorded history. India has the distinction of being the first country to introduce diamonds to the world. The country was also the first to mine, cut & polish and trade in diamonds. However, the prominence of the G&J industry in the Indian economic scenario is a development of the last three to four decades.

The Indian gems and jewellery industry is one of the world's most competitive markets given its low cost of production and highly skilled labour. According to the Federation of Indian Chambers of Commerce and Industry (FICCI), the Indian Gems and Jewellery industry - consisting of the domestic and the export market has the potential to grow from the current US\$45 bn to US\$100 bn by 2015. India is recognized as the diamond cutting and polishing capital of the world, processing more than 90% (11 out of 12) of all rough diamonds produced per year (around 80% in terms of carats and around 55% in terms of volume). Globally, the gems and jewellery industry has witnessed significant changes and exhibited growth over the past decade, on account of increasing income levels as well as the demand from the emerging economies. Traditionally, the US has accounted for more than 45-50% of the global jewellery market and the demand was significantly affected during the financial crisis, sending ripples across the world. In a traditional market like India, spending on gold and diamond jewellery is not only meant for its ornamental value but also as a means for safe investment.

The G&J sector in India has sufficient backing from the central government as it plays a vital role in the Indian economy and a leading foreign exchange earner accounting for more than 16% of India's total exports in FY2010. The government has introduced various subsidies and incentive schemes and have established SEZs to further drive the Indian gems and jewellery sector. Currently, the Indian market remains highly fragmented dominated by a high number of small and local players, but the trend is setting towards branded jewellery which should rapidly transform it into an organized sector. According to industry sources, the branded jewellery market is expected to grow at a CAGR of more than 41% in the next 4 years given the changing lifestyle and urbanization, backed by strategic marketing from the diamond companies.

According to World Gold Council (WGC), the Indian gold jewellery market is currently worth about Rs.700 bn (US\$16 bn). Of this, the urban jewellery market is valued at Rs.220 bn (US\$5 bn) and the rural & semi-rural market is valued at Rs.480 bn (US\$11.0 bn). The domestic demand for gold jewellery is estimated at about 80% of the Indian jewellery market wherein the rest comprises diamond jewellery and other fabricated jewellery. As per a recent study by KPMG, India is set to realise total jewellery sales of US\$21 bn by 2010-11 and US\$37 bn by 2015. Currently, out of eight key global retail markets, US accounts for 45% of the jewellery sales, while India and China follow with 8.3% and 8.9% respectively. But both India and China will emerge as the market equivalent of US in jewellery sales by 2015.

The industry suffered badly during the 2008-09 global financial crises as demand critically plummeted leading to significant job losses. In the short-term, a slow growth from these developed markets might impact the export growth prospects from India due to the high unemployment rate and low income bracket. In February 2010, an Export-Import Bank of India (EXIM) report stated that India is one of the fastest growing gems and jewellery markets in the world driven by growth in jewellery exports to

major markets like the US and Europe coupled with the demand from the domestic market. India consumes roughly 20% of total gold supply in any given year and this share is expected to grow further, going forward, because of the rise in middle class incomes.

An important development that is crucially influencing the domestic demand is the recent escalation in gold and silver prices. With changing consumer preferences and the increase of sophistication, there is a greater investment-driven demand for gold coins and bars and people are bullish on gold because it offers a safe haven in times of high domestic inflation and global uncertainty. Although people's per capita appetite for gold has reduced because of the high price, the growth of gold in terms of its value remains affirmative. In aggregate, CARE Research expects the G&J industry to report high growth in the next few years as demand from various channels remains healthy.

(Source: Care Research-Indian Gems and Jewellery Industry, June 2010.)

Global Economic Overview

The International Monetary Fund's ("IMF") most recent global economic outlook update (July 2010) has seen forecasts for both calendar years 2010 and 2011 revised upwards – indicating that the international strategy to stimulate the global economy through low interest rates, quantitative easing and economic stimulus packages has begun to succeed. *(Source: IMF- World Economic Outlook Update July 2010)*

India is the world's largest democracy by population size and one of the fastest growing economies in the world. India had an estimated GDP on a purchasing power parity basis of approximately USD 3.30 trillion in 2008, making it the fifth largest economy in the world after the European Union, the United States of America, China and Japan. *(Source: CIA World Factbook)*. In the past, India has experienced rapid economic growth, with the gross domestic product ("GDP") growing at an average growth rate of 8.8% between fiscal 2003 and fiscal 2008. The IMF expects India to be one of the fastest growing economies in the world and its GDP forecast estimates are as summarised below.

Date of forecast	IMF Calendar Year 2010 GDP Forecast	IMF Calendar Year 2011 GDP Forecast
Global Output	4.20%	4.30%
US	3.10%	2.60%
Euro Zone	1.00%	1.50%
Japan	1.90%	2.00%
Developing World	6.30%	6.50%
China	10.00%	9.30%
India	8.80%	8.40%
Russia	4.00%	3.30%
Brazil	5.50%	4.10%

(Source: IMF- World Economic Outlook Update July, 2010)

Product Profile

The G&J industry can be categorised into following main products.

Diamonds: Diamond is carbon in its most concentrated form and is the hardest natural substance known (10 on Mohs hardness scale). Diamond forms at extremely high temperatures and pressures, the conditions that are only possible very deep in the Earth's crust or even the upper mantle. It is brought to the surface via Kimberlite pipes, eclogites and other rocks that originate deep within the mantle. It is also found in alluvial deposits, along with Quartz, Corundum, Zircon and other minerals, derived from such rocks, and in certain meteorites.

Gold: Gold usually occurs in a metallic state and is commonly associated with minerals such as pyrite, but it does not form a separate sulphide mineral. Gold is the most malleable (easily hammered into thin

sheets) and ductile (easily stretched into very thin wire) metal, good conductor of heat and electricity, and is unaffected by air and most reagents. Gold is widely distributed on the earth at a background level of 0.03 g/1000 kg (0.03 ppm by weight). Its inertness and high density cause it to concentrate in streambeds, either in small flakes or in larger nuggets, from which it may be recovered by panning. It is found free in nature and associated with quartz, pyrite and other minerals. Most gold is mined and comes from gravels and quartz veins or is associated with pyrites deposits. Two-thirds of the world's supply comes from South Africa, and two-third of USA's production is from South Dakota and Nevada. The other main gold mining areas are Canada and Russia. Gold is found in sea water, but no effective economic process has been yet designed to extract it from this source. The world production of gold is around 2,500 tonnes per year, but reserves are estimated to be in tens of thousand of tonnes.

Silver: Silver is known to mankind since ancient times and its discovery is estimated to happen shortly after that of copper and gold. The Egyptians considered gold to be a perfect metal, and gave it the symbol of a circle. Since silver was the closest to gold in perfection, it was given the symbol of a semi-circle. The Romans called silver, argentum, keeping this as the international name of the element, from where its chemical symbol is derived (Ag). Silver is a non-toxic element. However, most of its salts are poisonous due to the presence of its anions. These compounds are absorbed by the body and remain in the blood stream until they are deposited in the mucous membranes, forming a greyish film. Silver is a very ductile and malleable (slightly harder than gold) monovalent metal. It is a soft, white, lustrous transition metal having the highest thermal conductivity of any metal and highest electrical conductivity of any element. As it is a very soft metal, it is often mixed with an alloy like copper. The largest world producers of silver are the USA, Canada, Mexico, Peru, Bolivia, former USSR, Australia and Germany.

Colour Stones:

Sapphires

Sapphires are mostly blue in colour and are the natal stone for the month of September. Sapphires of any other colour are called fancy sapphires. These are found in over 20 countries around the world, including the USA. The finest blue sapphires are from Kashmir in India. Sapphires share a lot in common with ruby, but there are some differences. The first difference being it is more widespread and more accessible. Sapphires originate in the earth's upper crust. The second difference is that it is blue and some natural processes have to occur that are a little different from those of rubies, for a change in colour. In some cases, however, early natural metamorphisms are identical to the ruby. They both come from the family of corundum's, and share the same attributes of light refraction, density and hardness. Both stones are derived from the same chemical crystallisation of alumina.

Rubies – The fiery red ruby has been known as "drop of the heart's blood of Mother Earth," and symbolises the emotions of power and love. It is July's birthstone. The ruby is a rare gem, and the reason is because the chromium pigments that are embedded in the earth's crust are not very plentiful. Also, the chromium had to meet up with the element alumina at the exact moment when crystallisation actually occurred. Without these two elemental factors, the ruby might not sport a rich red colour. The Mogok mine in Burma (modern day Myanmar) in the Far East is known for the location of the world's finest rubies. Following Myanmar, Thailand is most important as a ruby supplier. Rubies are found at this site close to the earth's surface. The rubies found in Thailand tend to be darker in colour with tints and hues of purple and brown. While beautiful rubies can be found in Cambodia, the raspberry red rubies have their home in Sri Lanka. In Tanzania, Africa, transparent rubies can be found.

Emerald - The emerald comes from the beryl family of precious stones. Emerald is May's birthstone and is a beautiful green, well-loved stone. Emeralds do come in various shades of green and bluish green. It is used in rings, necklaces, pendants and bracelets. It is a wonderful birthday gift. The colour intensity of an emerald depends on the chromium quantities. Maytime Grass is considered to be the most beautiful. An emerald is one of the few stones that actually will shine in the dark when a small amount of light appears. Emeralds are hard but are sensitive and prey to flaws or inclusions. They require a lot more care than most other gemstones. Today, some of the finest emeralds can be found in South America. They can be found in other parts of the world with the most important sites being in Africa, Pakistan, Afghanistan and Madagascar. The Mines of Cleopatra were the earliest emerald mines on earth. There was emerald mining as early as 2000 B.C. These early mines were abandoned in 1750, briefly revived, and then finally left to nature in the 1920s.

Pearl - Pearl is June's birthstone. A classic pearl necklace and/or pearl earrings are one of the most loved gifts one can give. People seem to radiate when wearing pearl jewellery. There is a wide colour spectrum among pearls. Pearls are found in molluscs that can be found in both, saltwater and freshwater habitats. Pearl production started in US in New Jersey around 1850. The general colour of a pearl is also called the body colour. The colour is produced by light interference known as the colour "orient" and can be semitransparent to opaque. Orient refers to colours that seem to move around as the gem is turned. Pearls can be white, silver, cream-colored, gold, green, blue or even black. Two types of pearls are available – Natural pearl and Cultured pearl.

Amber – Amber is a yellow stone created from the fossilised resin of trees. It is commonly yellow or orange. It can be easily scratched as it is very soft, having hardness rating of 2.5. The best quality amber comes from the Baltic region (the coasts of Poland and the Russia). Some of this amber has been washed to the shores of Norway, Denmark and England. Amber is thought to help one be joyful and happy. It lightens the burdens of life.

Tanzanite – Tanzanite is a relatively new gemstone introduced by Tiffany's. It has a unique blue/purple colour and these make wonderful eye-catching jewellery. It has a hardness rating of 6.5. Tanzanite was found in Tanzania in 1967. Tanzanite is the anniversary gemstone for the 24th year of marriage. It is said that Tanzanite helps with change. It uplifts and opens the heart. Tiffany & Co. of New York named this gemstone and introduced it to the world in 1969. It is one of the newest, most fascinating gemstones in the market today.

Indian Economy Overview

As per the Revised Estimates of National Income, 2008-09, released by the Central Statistical Organisation on May 29, 2009, Indian economy had grown at an annual average rate of 8.9% during Fiscal 2004 to Fiscal 2008. The GDP growth was primarily a result of consumption driven by India's young population, rising savings and investment rates, large unfulfilled domestic demand and globally competitive firms attracting significant investor attention in recent years. Higher rates of economic growth during this period have been the result of high levels of investment, rise in productivity supported by technological up gradation and greater integration with global flows of trade, finance and technology. For the Fiscal 2009, the revised estimates placed the growth of real GDP at 6.7%, with India's GDP at factor cost being Rs. 33.39 trillion (at 1999-2000 prices).

FDI has been recognised as one of the important drivers of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate FDI, and FDI is allowed in many key sectors of the economy, such as manufacturing, services and infrastructure. For many sub-sectors, 100% FDI is allowed on an automatic basis, without prior approval from the GoI. FDI and FII inflows have increased significantly over the recent past with total net foreign capital inflows increasing to USD 23.4 billion in fiscal 2006 from USD 8.3 billion in Fiscal 2001. However, investment flow through FII route in the first three months of the Fiscal 2010 has been USD 6,269 million. FII investments for the first six months of 2009 was USD 5,026 million, including a record single day net Purchase of USD 1,062 million on May 20, 2009.

(Source: Macroeconomic and Monetary Developments – Third Quarter Review 2008-09, RBI website)

India supports over 17.5% of the world population. The median age of the Indian population is 25.1 years. The National Council of Applied Economic Research's ("NCAER") Market Information Survey of Households indicates that India is growing wealthier. By the end of this decade, it is estimated that the structure of the country's demographics will change from an inverted pyramid signifying a small rich class and a very large low income class to a rudimentary diamond, where a significant part of the low income class moves up to become part of the middle class. As per NCAER's forecast of income distribution for Fiscal 2010, 27.4% of the Indian middle class is to be found in urban India, and there is not much change in this trend (compared to previous years).

(Source: India Retail Report, 2009)

India's Gems and Jewellery Industry

Gold Jewellery

India is the world's largest consumer of gold (importing 339 tonnes of gold in calendar year 2009) (Source: *Bombay Bullion Association as cited in Care Research-Indian Gems and Jewellery Industry, June 2010*). Most of gold in India is consumed by retail sales and a small portion is used as reserves with the central government treasury. To meet its consumption requirements for jewellery and investments, India imported gold to the tune of 590 tonnes in Fiscal 2009.

The consumption of gold in India has doubled over the past two decades - going up from approximately 400 tonnes in 1987 to about 800 tons in 2007 (Source: *World Gold Council as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*). In 2009, gold demand in India was severely affected due to global financial crisis, record high prices of approximately Rs.18,232 per 10 grams during November 2009 and high volatility in gold prices (with gold price volatility increasing in the fourth quarter in the calendar year 2009 to an annualised average of 19.7%). Between January-April 2010, gold imports in India increased 74% year on year to 126 tonnes but it is expected that this growth will continue throughout the year given gold price stability and rising demand for the precious metal as an investment haven (Source: *Bombay Bullion Association as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*). The following table gives break-up of gold demand in India:

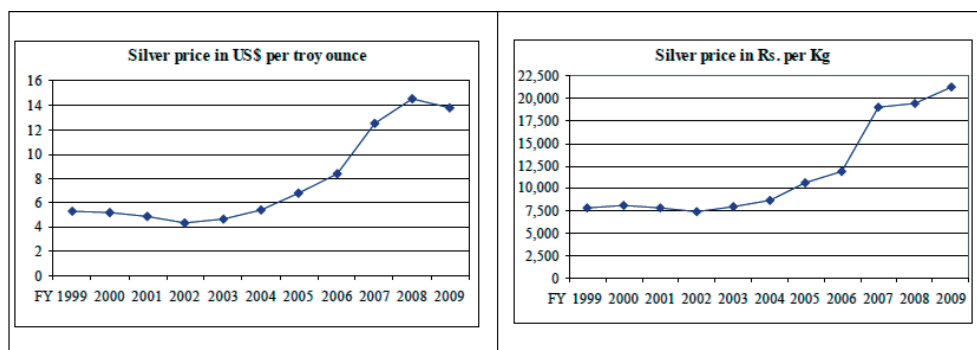
(In Tonnes)

Calendar	2004	2005	2006	2007	2008	2009
Jewellery	517.5	587.1	526.2	558.2	501.6	405.8
Net retail	100.2	134.5	195.7	215.4	211.0	74.2
Total	617.7	721.6	721.9	773.6	712.6	480.0

(Source: *World Gold Council as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*)

Silver

Along with gold, silver also enjoys a special place in the psyche of the Indian consumer and is considered the second-best investment option in precious metals. In the last couple of years, silver prices have grown significantly in line with the rise in gold prices resulting in the decline in demand for jewellery and fashion accessories. Going forward, it is expected that the silver price movement will tend to follow the gold price movement; prices of silver and gold in Rupees have shown a very high correlation of 0.98 in the last 10 years. (Source: *Care Research-Indian Gems and Jewellery Industry, June 2010*). The following table is graphical representation of silver prices in USD and Rs. in the last 10 years:

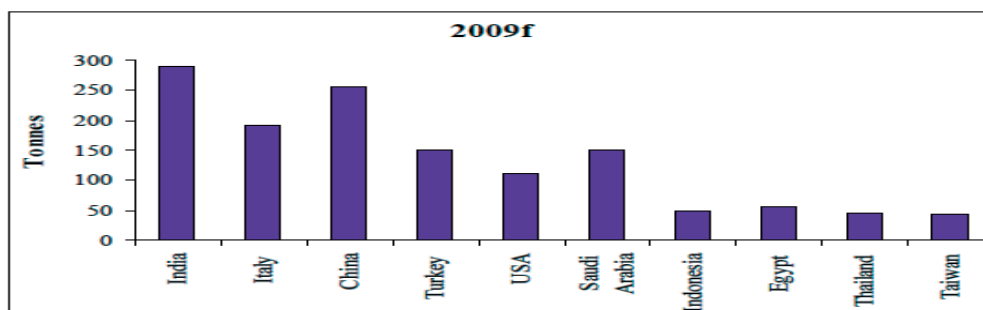


(Source: *Centre for Monitoring Indian Economy as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*)

Manufacture of Jewellery

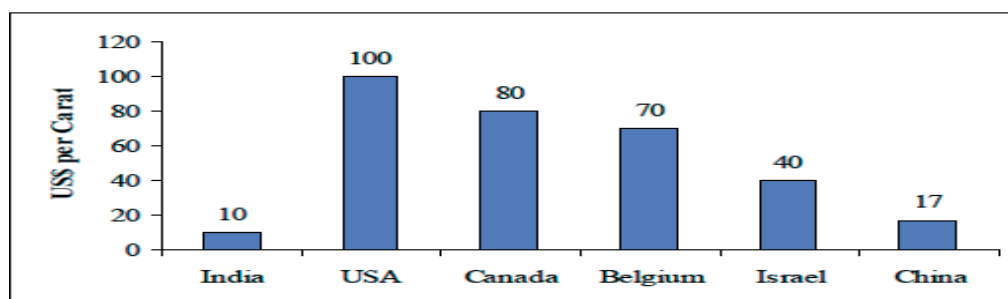
Jewellery-making, diamond polishing and setting is a process that requires skill. Although,

machines can perform some part of the work, the processing is essentially labour intensive. India, with its availability of low-cost skilled labour is in a position to deliver products of good design and quality. India is, therefore, the largest country for diamond processing and gold manufacturing in the world. The following table shows that fabrication of gold jewellery is dominated by India:



(Source: Virtual Metals as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

India has well-established capabilities in making hand-made jewellery in traditional as well as modern designs. The Indian hand-made jewellery has ethnic demand in various geographies with a high Indian population like Middle East, the US and Canada. With traditional hand-made jewellery, India has also progressed in using the latest technologies in diamond-processing and jewellery-making. Many of India's jewellery manufacturing units are now equipped with latest CAD/CAM and other advanced design systems. The diamond processing units have latest equipments like laser machines, automatic and semi-automatic bruiting machines and auto planners. A young and professionally-trained workforce is abundantly available and is well-versed to operate the latest equipments. The following table gives comparative costs of processing diamond in different countries, including India:



(Source: KPMG Report as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

Exports of Jewellery

The gems and jewellery sector is primarily an export driven industry in India since major portion of rough diamonds that are imported, are exported back after they are cut and polished. In Fiscal 2010 the gems and jewellery industry accounted for approximately 16% of India's total merchandise exports estimated at USD 176.57 billion. India is also a major exporter of cut and polished diamonds and has, in recent times, also picked up its exports of gold jewellery. The following table shows the export of diamond and gold jewellery by India:

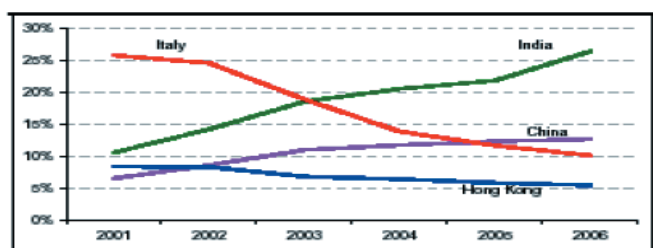
(In Billion)

	Fiscal			Fiscal			
	Rs.	USD		Rs.	USD		
Total C&P	441.31	9.78		571.59	14.21		587.92
Gold Jewellery	235.07	5.20		223.79	5.56		309.58
Coloured	11.12	0.25		11.12	0.27		11.98
Pearls	0.11	0.002		0.16	0.004		0.17
							0.004

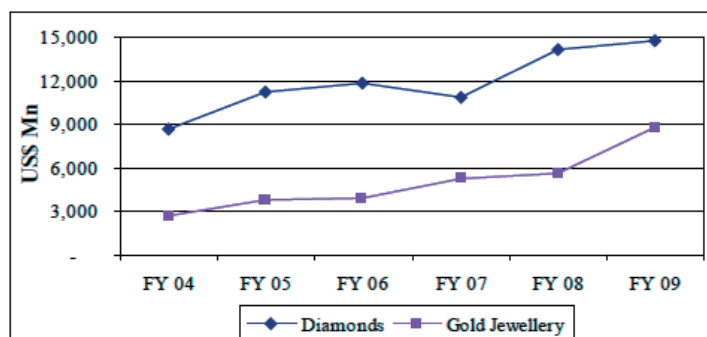
Non-Gold	7.90	0.18	9.21	0.23	8.72	0.19
Synthetic Stones	0.03	0.00	0.05	0.00	0.05	0.00
Costume/Fashion	NA	NA	0.22	0.005	0.41	0.009
Sales to Foreign	NA	NA	2.88	0.07	2.52	0.06
Rough Diamonds	25.49	0.56	22.80	0.57	34.75	0.77
Total	772.00	17.10	841.82	20.92	956.10	21.23

(Source: Gems and Jewellery Export Promotion Council Annual Report as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

In terms of diamonds, 11 out of 12 stones (diamonds) sold around the globe are cut and polished in India (Source: Care Research-Indian Gems and Jewellery Industry, June 2010). The US, known for its high consumption of high- priced jewellery, is reducing its jewellery fabrication work and is outsourcing majorly to India and China. The proportion of the US imports of fabricated jewellery from India has risen from an 11% in 2001 to 26% in 2006 (Source: Care Research-Indian Gems and Jewellery Industry, June 2010). The following table gives the break-up of imports of jewellery by US:



(Source: US Department of Commerce as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)



(Source: Gems and Jewellery Export Promotion Council as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

Country wise exports of gold Jewellery

The export of the gems and jewellery industry grew at a Compounded Annual Growth Rate (CAGR) of 11.75%, from Rs 351.7 billion in Fiscal 2000, to Rs 956.1 billion in Fiscal 2009. Since the inception of Gems and Jewellery Export Promotion Council (GJEPC), the exports have increased 758-fold, from USD 28 million in 1966-67 to USD 1.23 billion in 2008-09. The major gems and jewellery export destinations in Fiscal 2009 were the US (19.5%), the UAE (31.9%), Hong Kong (25%) and Belgium (7.1%). The industry has been able to reduce its dependence on the US market and explore other markets like the UAE and Hong Kong. The 13 countries, that are listed below, together account for approximately 96% of the total gems and jewellery exported from India to all the major markets during Fiscal 2009.

(Source: Care Research-Indian Gems and Jewellery Industry, June 2010.)

(In Rs. billion)

	Fiscal	Fiscal	Fiscal
USA	243.63	219.73	186.61
UAE	152.21	177.51	305.24
Hong Kong	163.72	215.45	238.82
Belgium	62.58	71.44	68.65
Singapore	10.98	14.26	27.77
Israel	39.00	41.33	34.12
Japan	19.31	14.94	12.46
Thailand	15.78	16.22	14.45
UK	12.93	12.23	11.34
Switzerland	6.82	11.17	8.05
Germany	4.89	5.15	5.14
Australia	4.91	5.75	5.22
Italy	2.73	2.81	2.52

(Source: GJEPC Annual Report as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

Retailing Jewellery Industry

Branded Jewellery

Branded jewellery has been a relatively recent phenomenon in India, with most jewellery retailed in the unorganised sector. Consumers have become more informed about the quality and certification of gold jewellery and are now insisting for certification. Traditionally, gold has been purchased because of its investment value along with aesthetic value, unlike in countries other than India, where it is bought only for ornamental purposes. With changing demographics, the branding of jewellery and the retail revolution, young customers (from age groups of 20-40 years) prefer buying jewellery for fashion rather than for investments. Many companies have started investing in brand-building exercises for their products. All these efforts will lead to a much higher growth in the branded and therefore also organised jewellery market.

The branding of jewellery in India follows the pattern in the international market where 90% of the jewellery is sold as a fashion accessory or as everyday wear and not as an investment. Branded jewellery is therefore positioned as a lifestyle and personality statement. There has also been a shift in consumer preference towards diamond jewellery due to the extensive positioning of diamond jewellery as both affordable and contemporary. Another key development in branded jewellery has been the introduction of value added services such as the certification of gold and diamonds, and life time return and buy-back schemes. These trade practices have resulted in the perception of superior quality associated with branded jewellery. The new generation of jewellery purchasers does not have ongoing relationships with local jewellers and prefers to buy branded jewellery.

Retail Formats

In India, organised retailers account for a mere 4% of the total jewellery retail market. This is because of the buyers' preference and trust in their neighbourhood goldsmith. Even the standardisation of designs is not possible due to varying local tastes. There are about 15,000 players across the country in the gold processing industry, 4,50,000 gold smiths spread across the country and more than 6,000 players in the diamond-processing industry (Source: Care Research-Indian Gems and Jewellery Industry, June 2010). Organised players have been growing steadily, carving a market share of 4% industry (Source: Care Research-Indian Gems and Jewellery Industry, June 2010). With consumer preference for fine quality goods, branded jewellery, hallmark certification and maturity in the jewellery market, organised retail share is bound to grow. Elevated gold prices, higher borrowing and operating costs, makes the survival for the family-owned jewellers difficult as well.

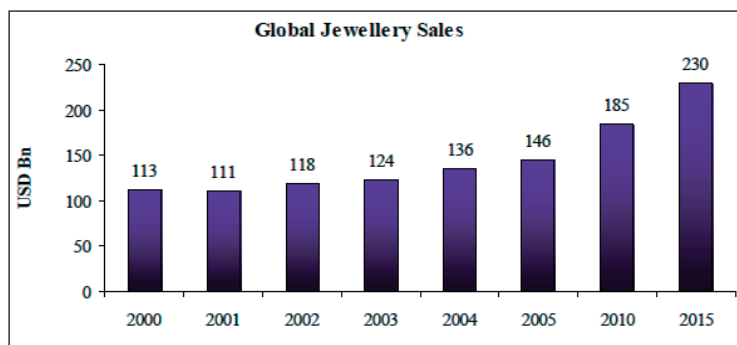
Demand Drivers for the Gems and Jewellery industry

The US is the world's largest market for jewellery followed by China, India and the Middle East and in Europe, the UK and Italy are the largest consumers. These markets account or about 80% of the total worldwide sales. Since the demand for jewellery is showing only gradual sign of recovery in the

US, the focus for the future growth in jewellery for future growth in jewellery industry depends on emerging markets like India, China, Latin America, Middle East and South East Asia. These regions are expected to develop as the largest consuming markets for both traditional as well as branded jewellery and overtake the US in gems and jewellery consumption by next decade.

(Source: *Care Research-Indian Gems and Jewellery Industry, June 2010*).

The global retail jewellery including diamond and gemstones is expected to cross total sales of USD185 billion in 2010 and USD 230 billion by the year 2015 growing at CAGR of 4.6% between 2010 and 2015. In 2005, sales totalled USD 146 billion and will grow at a CAGR of 4.8% between 2005 and 2010 period, during 2009, the world GDP contracted by 0.8% to USD 57,228.37 billion while for 2010 and 2011, the world GDP is estimated to grow by 3.9% and 4.3% respectively according to IMF (Source: *Care Research-Indian Gems and Jewellery Industry, June 2010*). Historically, it has been observed that the correlation between the global jewellery sales and world GDP was very high at 0.99.



(Source: *GJEPC-KPM G as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010*)

Of the total global sales of USD 146 billion in 2005, the diamond-studded jewellery is the largest segment, contributing 47% of the total jewellery consumption. Among the various types of jewellery, plain diamond jewellery accounts for the largest share of the global jewellery market, followed by plain gold jewellery.

Traditional demand – Festivals and Wedding

Gold is more than a precious metal in Indian culture and is truly entrenched in their belief system. Over centuries and millennia, gold has become an inseparable part of the Indian society and fused well into the psyche of an Indian. There is a culture of buying gold during auspicious occasion of Diwali, Akshaya Tritiya, Dussehra etc and also during weddings. In rural India, farmers typically buy gold jewellery after every successful harvesting season as it forms the best form of investment for them and forms a natural hedge against inflation.

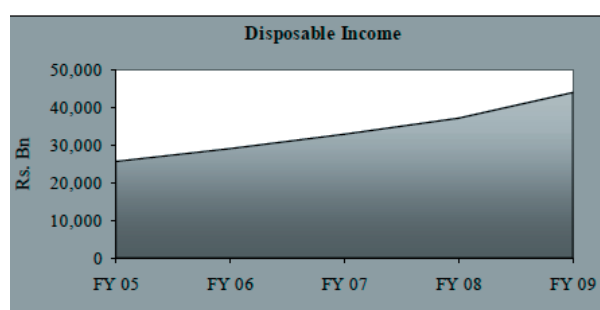
Increasing affluent and middle class population

The Indian growth story is well known, with the overall economy growing at an average 8-9% p.a. from Fiscal 2008 before slowing in Fiscal 2009. However, by and large India's economy remained virtually unscathed during the global financial crisis in 2008/09 when government-backed stimulus packages sustained growth levels at healthy rate. Within a generation, the country is expected to become a nation of upwardly-mobile middle-class households, consuming goods ranging from high-end cars to luxury items. In two decades the country will surpass Germany as the world's fifth-largest consumer market. Data from National Council of Applied Economic Research (NCAER) indicates that 50 million people belonged to the middle class in 2005 (with income ranging from Rs.200,000 to Rs.100,000) which is expected to increase ten-fold by 2025 (fastest-growing segment).

The median age of an Indian is 25.3 years, one of the lowest in the world compared to 36.7 years in the US and 44.2 in Japan. The urban population currently accounts for 29% of the total population and is expected to increase to 40% by the year 2020. With rising young and urban population, the gems and jewellery industry is poised for a significant growth going forward.

Increasing disposable Income

Increased urbanization, higher percentage of younger population, multiple-income families and more women in the workforce is giving rise to higher disposable income level leading to impulse buying and a preference for superior lifestyle. These factors are currently driving the demand for gems and jewellery, especially diamond jewellery. The neo-rich with an inclination to buy cutting-edge gadgets are purchasing jewellery in modern and aesthetic design as a fashion accessory completely in contrast to the rural folks who buy jewellery as an alternate medium of investment. As per the National Sample Survey, in urban India the share of essential items like food, clothing, electricity, fuel and footwear in the total average annual per capita consumption has reduced whereas the share of durable goods has increased, which reflects the changing preferences of consumers. The increased consumer awareness and consciousness generated through the vigilant measures adopted through campaigns of the government are expected to drive the demand for branded and hallmarked jewellery. The following table shows the steady increase in the disposable income in India:



(Source: Centre for Monitoring Economy as cited in the as cited in the Care Research-Indian Gems and Jewellery Industry, June 2010)

Pricing

Gold is a renowned metal not only for its traditional use for adornment but also for its stance as a time-tested investment-class asset. The price of gold is determined by the fundamental demand-supply dynamics of the bullion market and gold is considered to provide a sense of security when faced by economic volatility and uncertainty. With the recent weakness and high fiscal debt levels of major western paper currencies, gold has yet again charmed many investors attracting to it a lot of attention which was reflected in its record high prices in the last two years. Incidentally, the Indian consumer is very sophisticated and price sensitive and remains very risk averse when the prices are volatile. When prices are high an increase in the sale of scrap gold is noted and conversely when prices fall or show signs of stability, it results in an increase in demand.



BUSINESS OVERVIEW

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about us and our financial statements, including the notes thereto, the “Risk Factors” and “Management Discussions and Analysis of Financial Condition and Results of Operation” on pages 11 and 157 respectively of the Draft Red Herring Prospectus.

Overview

We are engaged in the business of manufacture and export of handmade gold jewellery. Our products include handmade and machine made, plain gold and gold enamelled jewellery and gold jewellery studded with precious and semi precious stones such as rubies, emeralds, pearls, etc. and semi-precious stones such as garnet, cubic zirconium, etc. Our portfolio includes rings, earrings, pendants, bracelets, necklaces and bangles. We are ISO 9001:2008 certified and have been awarded the “Export Appreciation Award” for FY 2008, FY 2009 and “Export Excellence Award” for FY 2010 by the Jewellery Association, Bengaluru. We conduct our business under the brand “Ratanchand Jewellers”.

We have two manufacturing units, spread over an area of 10,000 square feet, both of which are located in Bengaluru, Karnataka. Both these units are operated as 100% export oriented units (EoUs). During the nine months period ending December 31, 2010 and Fiscal 2010 and Fiscal 2009, we have achieved an aggregate production of 1151.06 Kgs, 1056.29 Kgs and 879.31 Kgs of jewellery, respectively.

For Fiscal 2009 and 2010, all the products manufactured by us were exported to Dubai and we have recorded a consistent and steady growth in our exports. Our Company’s export income has grown at a CAGR of 128% from Fiscal 2008 to Fiscal 2010. For the Nine months period ended 31.12.2010 and Fiscal 2010 and 2009, our income from exports constitutes 99.81%, 99.86% and 99.75% of our total income, respectively.

We propose to establish a unit at Rajiv Gems Park, Andhra Pradesh, which is a SEZ, for the manufacture of our products. We intend to set up 12 retail stores in Karnataka for marketing of our products in the domestic market. We also propose to set up a brand office in Dubai for undertaking business operations. For further information, please see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus.

For Fiscal 2009, 2010 and for the Nine months period ended December 31, 2010, our total income was Rs. 11,692.87 Lakhs, Rs. 16,636.36 Lakhs and Rs. 21,627.52 Lakhs respectively. For Fiscal 2009, 2010 and the nine months period ended December 31, 2010, our net profit was Rs. 302.27 Lakhs, Rs. 619.91 Lakhs and Rs. 1,799.68 Lakhs, respectively.

OUR COMPETITIVE STRENGTHS

Strong and long-term relationship with our customers

We maintain long terms relationships with our customers by strategically aligning our offerings with their requirements. We are in the process of formulating and adopting a strategy for product development which involves market research, sales analysis, brand development, and promotions in our customer’s markets. We intend to implement our research and analysis reports in securing new orders.

Our relationships with our customers are also built on our successful execution of prior engagements. We believe our track record of timely delivery of quality products and established technical expertise has helped in strengthening strong relationships with our major customers and gaining increased business from them. We believe we have a history of high retention of our key customers and derive a significant proportion of our revenue from repeat business.

Integrated player with domain knowledge

We are an integrated player with significant knowledge about jewellery industry. In the past five years we have spanned the entire value chain starting from gold jewellery trading to manufacturing and now



we plan to venture into retail segment. For further details, please see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus.

Our understanding of the industry helps us in assessing market opportunities and positioning ourselves accordingly. Our understanding of jewellery business attached with our crafting capabilities help us in introducing designs for export operations, in a timely manner. Our strategic efforts to foresee market expectations, in-house order projections, customer preference towards specific metal and stones helps us to undertake effective inventory management, ahead of our delivery schedule.

Our Promoter’s experience and a strong management team

We believe that our qualified and experienced management team has significantly contributed to the growth of our business operations. Mr. Lalith R Ramani, our Chairman and Managing Director, brings with him over 30 years of experience in trading in gold jewellery and also in manufacturing of gold ornaments. His responsibilities include the day-to-day management of our affairs. He specifically deals with the sourcing the raw materials, manages Forex related issues and manages finance and other resources. Mr. Nitesh L Ramani has almost a decade experience in the industry. His responsibilities include administration and marketing responsibilities. He shall also be responsible for the administration of our proposed retail chain. In addition to our Promoter, we have a dedicated management comprising of Mr. G.G. Vishnu Murthy (Chief Financial Officer), Mr. K.N.Surya Prakash (Company Secretary & Compliance Officer), and Mr. Anil Karumbaya (GM, Retail & Marketing).

OUR BUSINESS STRATEGIES

To venture into retail business with focus on market expansion

We believe mid-income segment of India’s retail jewellery market is largely untapped by structured jewellery companies and see it as a key long-term driver of development for an integrated medium sized jewellery manufacturer like us. We intend to span our retail presence from suburban areas of metro cities to mini metros and other cities possessing higher concentration of mid-income segment. We believe the proportion of spending to earning is higher in such cities compared to metro cities. We have identified the properties, where we intend to go for outright purchase to secure the retail space for development of 12 Proposed Stores within the State of Karnataka. For further details, please see “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus. All our retail stores will be based on the “Self controlled” model, which we believe will ensure higher control, better consumer service and higher revenue margins.

We have initially targeted Karnataka and other states in the southern part of India for opening our retail stores. Further, we are also looking at joint venture opportunities to tie-up with designer boutiques to foray into high-end retail jewellery segment within the country and also internationally with major focus on Middle East countries and Europe.

Calculated marketing tools to create brand differentiation for retail

Historically, we believe that purchase of gold jewellery in India has suffered from major insight barriers. For example, gold jewellery purchase is considered to be a seasonal affair and often purchased in bulk during wedding season. We believe the apprehensions of a retail customer can be addressed by educating customers about gold jewellery. We consider retail stores as a platform to impart basic knowledge about gold jewellery. We intend to involve customers in various customer education programs at our retail stores.

We believe educating customers about gold jewellery, providing comparative price benefit and invoice break- up, in-house manufacturing capabilities, guidance on latest designs and trends, personalized services and in-store cleaning and repairing workshop will help us in creating brand differentiation for our products.

Prolonged focus on exports for our wholesale business

Our primary marketing focus has been on exports where we have sold high volumes directly to few key customers. We are also suppliers to the jewellery chains in Dubai. We wish to continue leveraging our position as the exporter of plain gold and studded jewellery in India to further advance in our existing markets by expanding our customer base and to enter new geographical boundaries.

We aim to expand our customer base in our active markets by targeting different department stores, discount chain stores, fine jewellers and TV shopping networks. In this regard, we propose to develop products, marketing and branding strategies for the specific needs of target market for these retailers.

Currently, our exports are primarily to Dubai. We intend to enter select new markets such as Middle East countries and certain parts of Europe for which we are looking to set up a branch office in Dubai.

We believe that Indian Jewellery has been appreciated throughout the world. We are receiving good response from Dubai; it is one of the biggest buying houses for all the International Countries like Saudi Arabia, Turkey, U.K, USA and Europe. Some of our customers are BRR Jewellery, Al-Salam Jewellery, Viren Jewellery, Kundan Jewellery and Daimur Jewellery

Increased production capacity

Currently, we have two manufacturing units, both located at Bengaluru, Karnataka, India, one of which commenced production in January 2011. During the nine months period ended December 31, 2010 and Fiscal 2010 and 2009, we achieved an aggregate production of 1151.06 Kgs, 1056.29 Kgs and 879.31 Kgs , respectively, of jewellery from our manufacturing units. We believe our in-house manufacturing would help us continue to be competitive in our exports as well as retail businesses






To continue achieving our sales targets, we intend to enhance our production capacities by setting up a new manufacturing unit in Hyderabad Gems SEZ, for which we are in receipt of acceptance of our Letter of Intent (LOI) and 6500 sq. ft. of manufacturing space has been allotted to us in the Rajiv Gems Park, a jewellery SEZ in Andhra Pradesh.

For further details see section titled “Objects of the Issue” on page 63 of this Draft Red Herring Prospectus.

OUR PRODUCTS

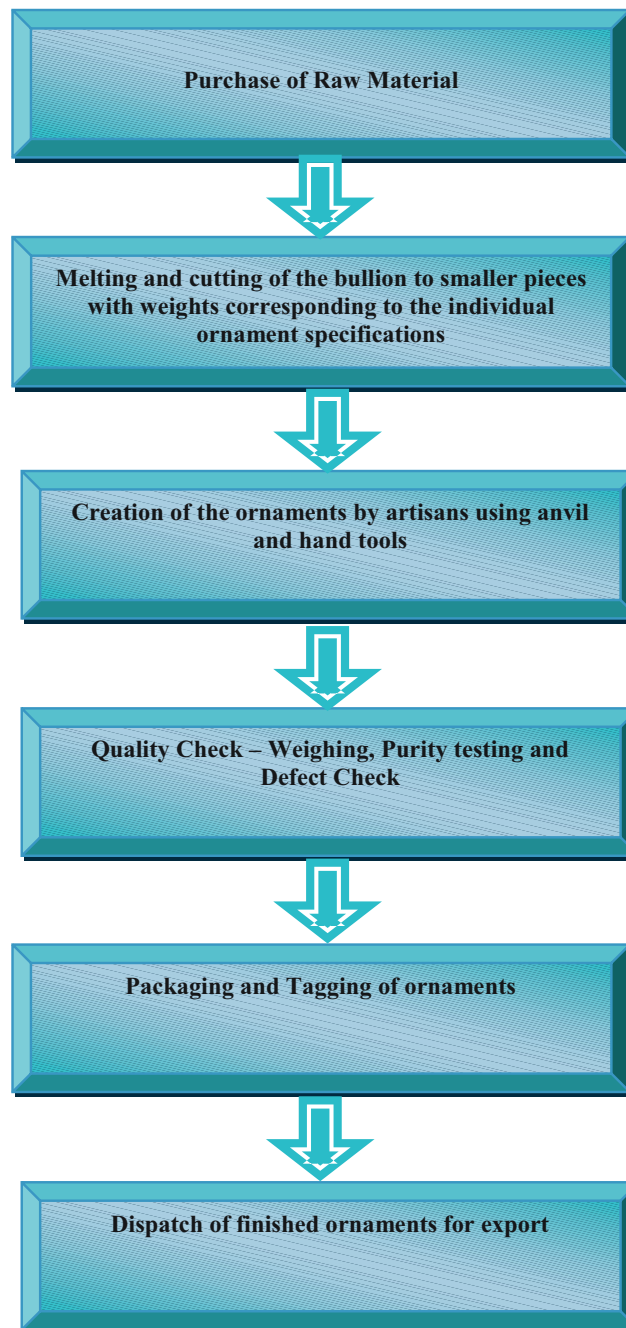
The following is a brief description of our product portfolio:

	<p>Rings:</p> <p>Rings are available in various workmanship such as machine-cut, plain gold, meenakari work, studded work etc. Our design portfolio extends to approximately 2000 designs.</p>
	<p>Bangles:</p> <p>The weight range for bangles is from 8 gm per pair to 120 gm per pair. Our design portfolio extends to approximately 2000 designs.</p>

	<p>Necklace:</p> <p>The Weight Range for the Dominant Indian market is 14 gm per set to 200 gm per set. Our design portfolio extends to approximately 3000 designs.</p>
	<p>Ear Rings:</p> <p>All ear rings like studs, hanging, and jhumki are available in plain gold, meenakari and various other types. Our design portfolio extends to approximately 3000 designs.</p>
	<p>Bracelets:</p> <p>The weight range available in bracelets is 8 gm per pair to 120 gm per pair. The design portfolio extends to 2000 designs. These products are both hand and machine made.</p>
	<p>Plain Jewellery:</p> <p>The range consists of exquisitely handcrafted sets in plain patterns are woven in gold.</p>
	<p>Studded Jewellery:</p> <p>Gold beaten fine is set with semi – precious stones and is highlighted with gold and filigree work.</p>

MANUFACTURING PROCESS

The product is manufactured in house by trained technical staff, from components sourced through various vendors. Raw materials (other than critical components), components used in the products are readily available from a variety of manufacturers who meet the quality standards set by our Company. Our Company already has an understanding with the critical components supplier and efforts are on to identify multiple supply sources for non critical items. The process flow is as under:





Sourcing of raw materials

Raw materials, which we use for our manufacturing purposes, include gold, silver, copper, alternate metals, precious stones and semi precious stone like rubies and emeralds. For Fiscal 2010 and 2009, the cost of gold formed 94.77% and 96.21% of our total raw material cost, respectively. For our manufacturing facilities in India, we procure raw materials predominantly from nominated agencies in India.

After receiving an order from a customer, we assess the quantum of gold and other precious stones required. Since we acquire gold 'on loan' basis from nominated agencies on an unfixed basis, we fix the price of gold on the date of receipt of price fixation indication from the customer. We have entered into agreements with State Bank of India, Overseas Branch, Bengaluru to procure gold 'on loan'. Under this arrangement, we submit bank guarantee which fully covers the value of the gold taken on loan. The repayment term for gold 'on loan' agreement ranges up to 180 days from the date of export. For our export operations, normally the price of gold is fixed on the date of receipt of price fixation indication from the customers.

Designing

Designing jewellery is an important aspect of our value chain. We manufacture our products based on the designs created with the help of our in-house team of creative designers. Normally, we design jewellery for export operations, whereas, our wholesale orders often are placed with pre-fixed designs.

In order to acquire an understanding of global designs, our designers are spread across cities including Kolkata and Mumbai. We also deploy electronic data processing for optimal efficiency in production and deliveries to diverse markets.

Currently, our design library contains approximately 30,000 designs and live model inventory of master models for rings, pendent, earrings, bangles and necklaces. Currently, we add on an average of 450 models to our library each month which includes bridals and fashion jewellery.

Production

After procuring the raw materials, the manufacturing of the jewellery is commenced at our manufacturing units. The manufacturing is carried out by craftsmen, in accordance with the designs and specifications.

Jewellery can be manufactured using several technologies including stamping, hand making, casting etc. However, we adopt handmade and machine made processes for manufacture of jewellery. In cases of mass production of jewellery, we normally rely on casting and machine made technologies.

Once the products are completed, the same are forwarded for onward dispatch.

QUALITY ASSURANCE

We have implemented stringent quality control processes at various stages of manufacturing of our products. The supervisor at the unit inspects the product at different stages of manufacture, which is then examined by the designers and members of the senior management.

INFRASTRUCTURE FACILITIES AND UTILITIES

Our manufacturing facilities are equipped to cater to the demands of various varieties of plain gold and studded jewellery.

Electricity

We receive uninterrupted electricity/power supply for manufacturing from Bangalore Electricity Supply Company.



Water

Water is required for human consumption only, which is sourced from bore - well dug in the premises of the registered office as well as legal supply of water from Bangalore Water Supply and Sewerage Board (BWSSB).

Manpower

The total manpower directly employed by our Company as on date is 50. The existing distribution of the manpower is as follows:

Sr. No.	Category	Existing
1	Senior Management	3
2.	Middle management	4
3.	Junior management	5
4.	Operators/Helpers	38
	Total	50

As of date of this Draft Red Herring Prospectus, we have no personnel who are employed on a contract basis.

CUSTOMERS

We primarily export our products to Dubai. Our customers include BRR Jewellery, Al-Salam Jewellery, Viren Jewellery, and Kundan Jewellery.

COMPETITION

Our Company and the jewellery industry in general face competition from the unorganized sector. In addition, we face competition domestically from numerous jewellery export houses in India such as Rajesh Exports Limited, Gitanjali Gems Limited and Shree Ganesh Jewellery House Limited.

CAPACITY

The details of utilized capacity for the previous three years are given as under:

(Kgs of gold jewellery)

FY 2008	FY 2009	FY 2010
707.50	879.31	1056.29

The details of projected capacity for the next three years are given as under:

(Kgs of gold jewellery)

FY 11	FY 2012	FY 2013
2880.94	4168.57	4979.28

As of Fiscal 2010, we had one operational unit at Bengaluru. We commenced production at our new unit at Bengaluru in January 2011. We also intend to set up another unit at Rajiv Gems Park, a jewellery SEZ, in Andhra Pradesh. For further details, please see 'Objects of the Issue' on page 63 of this Draft Red Herring Prospectus. The estimated capacity for the next three Fiscals has been computed on the above parameters.

WORKFORCE

Our manufacturing operations are carried out under flexible manufacturing unit method as opposed to linear method of production. We believe our facilities are set up to have factories within a factory, to avoid any bottlenecks and increase productivity. 'Factories within a factory' ensures that single work centre has a multi skilled work force which is capable of carrying out various tasks associated with the manufacturing process. We train our work force on various functions in our manufacturing operations which make them multi-skilled. One major benefit of multi skilled work



force is reduced cycle time. Efficiency in our production methods can be demonstrated by our patented turntable technology in our facilities. Turntable is a bi-functional workstation, which allows a single craftsman to both polish and file jewellery at the same desk.

EXPORT OBLIGATIONS

All of our existing units are operated as 100% EoUs and we are obligated to export all the jewellery manufactured at the units.

UNIONS

We do not have any trade unions at our manufacturing units.

INSURANCE

We have taken insurance to cover different risks which we believe is sufficient to cover all material risks to operations and revenues. We have, however, not obtained “key man insurance” for our senior management. Our operations are subject to hazards inherent to manufacturing units, such as risks relating to work accidents, fire, earthquake, burglary and marine transit. This includes hazards that may cause injury and loss of life, damage and destruction of property and equipment.

Our company has taken insurance to cover different risks the details of which are as under:

Type of Policy	Policy No.	Date of Expiry	Amount Insured (Rs. In Lakhs)	Premium (Rs. In Lakhs)
Jewellers Package Policy	1401302612000001	30.03.2011	1007.50	2.04

INTELLECTUAL PROPERTY

For details relating to the intellectual property owned by our Company. Please refer in the paragraph titled “Intellectual Property Rights” in the chapter titled “Government and Other Approvals”, on page 166 of this Draft Red Herring Prospectus.

PROPERTY

Our Company conduct the operations from the following properties: -

Sl.No.	Office	Details of Deed / Agreement	Nature of right granted	Particulars of the premises
1	Registered Office	<i>Vendor:</i> Mr. Joginder Singh Sabharwal and Smt. K.K. Sabharwal <i>Vendee:</i> M/s. Ratanchand Jewellers Limited represented by its Directors, Mr. Lalith R Ramani and Mr. Nitesh L Ramani	Owned	<i>Address:</i> No. 29, Golden Chambers, Lalbagh Fort Road, Minerva Circle, Bengaluru – 560 004, Karnataka, India. <i>Land Area:</i> 5,008 Sq. Ft.
2	Branch Office	<i>Lessor:</i> Smt. Geetha Arumugam <i>Lessee:</i> Shri Lalith Ramani	Leased	<i>Address:</i> Plot No. 25, Murugan Mansion, 2 nd main Road, Sudham Nagar, Bengaluru- 560 027. <i>Land Area:</i> 2,600 Sq. Ft.

The detail of the other properties held by our Company is as under:

Sl. No	Address	Location	Square Feet
1	# 101 , Vikas Nagar, Yarandahalli Village, Jigani Hobli , Anekal Taluk , Bengaluru.	Bengaluru.	5575 Square Feet
2	# 62, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	4000 Square Feet
3	# 56, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	4000 Square Feet
4	# 100, Vika Nagar, Yarandahalli Village, Jigani Hobli , Anekal Taluk, Bengaluru.	Bengaluru	5857.5 Square Feet
5	# 63, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru	4000 Square Feet
6	# 180, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	9009 Square Feet
7	# 64, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	4750 Square Feet
8	# 23, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	4000 Square Feet
9	# 102, Vikas Nagar, Vikas Nagar, Yarandahalli Village, Jigani Hobli, Anekal Taluk, Bengaluru.	Bengaluru.	6022.5 Square Feet
10	# 29, Golden Chambers, Lalbaugh Fort Road , Minerva Circle, Bengaluru - 560 004	Bengaluru	5008 Square Feet

CORPORATE SOCIAL RESPONSIBILITY

We believe that our corporate social responsibility (“CSR”) achieves an integration of economic, environmental and social imperatives while simultaneously addressing shareholder expectations. We use CSR as an integral business process in order to support sustainable development and we constantly endeavour to be better corporate citizens and enhance our performance so as to suitably boost our bottom line. We contribute to, and are associated with, schools for under privileged children. We have funded an elementary school for children from underprivileged families. We are focused on the welfare of the economically and socially deprived sections of society.

HIRING, RECRUITING AND RETAINING

Our success depends to a great extent on our ability to recruit, train and retain employees. Accordingly, we place special emphasis on the human resources functions in our organization.

Our manufacturing facilities are well ventilated and we provide adequate working space to our employees. We also take care of their personal health and hygiene. Our personnel policies are aimed towards recruiting the talent that we need, to facilitate the integration of our employees into our Company and to encourage the development of their skills in order to support our performance and growth in our operations. We have not experienced any significant labour related problems or disruptions and our management considers its relations with employees to be good. We seek to adopt an open culture and a participative management style, to enable us to maximize the benefits from the knowledge and skills of our management.

TRAINING AND DEVELOPMENT

We also place special emphasis on the training of our other employees to enable them to develop their skills and to meet changing requirements. As a part of our strategy to improve operational efficiency, we regularly organise in-house and external training facilities for our employees and ensure the participation of our designers in jewellery shows and exhibitions. Various training programs are organised to enhance the skills of both new and the existing employees.



HEALTH, SAFETY AND ENVIRONMENT

We are committed to protecting the health and safety of our craftsmen and employees working in our factories, people who come in contact with our operations and the health and sustainability of the environment in which we operate.

INDEBTEDNESS

For details of our indebtedness, refer to the section titled “Financial Indebtedness” on page 159 of this Draft Red Herring Prospectus.

KEY INDUSTRY REGULATIONS AND POLICIES

Our Company is engaged in the business of manufacture and export of gold jewellery. There are no specific laws in India governing the gems and jewellery industry in India. The following description is a summary of laws and regulations in India, which are applicable to our Company. It may not be exhaustive and is only intended to provide general information.

Gems and Jewellery Export Promotion Council

The Government of India has designated the 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 Kimberley Process 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 Kimberley Process comprises participating governments that represent 98% 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 Export-Import Policy of India (2002-2007).

Government Initiatives

The Indian government has provided an impetus to the gems and jewellery industry with the following foreign trade policies:

1. 100 per cent foreign direct investment ("FDI") in gems and jewellery through the automatic route is allowed.
2. The government has lowered import duty on platinum and has exempted rough colored precious gems stones from customs duty.
3. Rough, semi-precious stones are also exempt from import duty.
4. Duty-free import of consumables for metals other than gold and platinum up to 2 per cent of freight on board value of exports.
5. Duty-free import entitlement for rejected jewellery up to 2 per cent of freight on board value of exports.
6. Import of gold of 18 carat and above under the replenishment scheme.
7. Setting up of SEZs and gems and jewellery parks to promote investment in the sector.
8. In May 2007, the government abolished import duty on polished diamonds.
9. The government has raised the limit value of jewellery parcels for export through foreign post office (including via speed post) from US\$ 50,000 to US\$ 75,000 and the time period for re-import of branded jewellery remaining unsold has been extended from 180 days to 365 days.
10. The export of colored gemstones on a consignment basis has been allowed.

Export Oriented Unit Scheme

The Ministry of Commerce, Government of India introduced the Export Oriented Unit (EOU) Scheme on December 31, 1980. There is no specially earmarked zone under the EOU scheme and an EOU may be set up anywhere in India subject to operation under the Customs Bond. They are typically required to fulfill certain criteria such as achievement of positive net foreign exchange over a period of 5 years. EOUs are units which must export their entire production. They may be engaged in the manufacture, services, development of software, trading, repair, remaking, reconditioning and re-engineering including making of gold/silver/platinum jewellery. EOUs are allowed to import or locally procure, duty free, all types of goods including capital goods, raw materials and consumables required for export production. EOUs are deemed to be "Private Custom Bonded Warehouses" under section 58 and 65 of the Customs Act, 1962.

EOUs in the gem and jewellery sector are allowed certain special facilities. Items of gem and jewellery may be taken to the DTA for display and re-imported to the EOU without payment of duty. They may

also re-import jewellery from the DTA if sent for some modification. One is required to obtain prior permission of the Development Commissioners of the relevant SEZ for availing of these benefits.

Foreign Trade Policy 2009-2014

The Indian foreign trade policy for the period 2009-2014 primarily focuses on gems and jewellery, agriculture, handicrafts, handlooms, leather and footwear. The following are the salient features of the current foreign trade policy:

- 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 precious metals (other than gold and platinum) is 2%, jewellery made out of gold and platinum is 1% and for jewellery made out of rhodium finished silver is 3%.
 2. Cut and polished diamonds is 1%
- Import of Commercial samples shall have duty free entitlement of Rs. 3,00,000;
- Rejected jewellery that is re-imported shall have duty free entitlement of 2% of the free on board value of exports;
- Import of gold of 8 karat and above shall be allowed under the replenishment scheme an Assay Certificate specifying purity, weight and alloy content is submitted;
- To neutralize duty incidence on gold jewellery exports, duty drawback has been allowed on such exports;
- In order to promote India as an international diamond trading hub, diamond bourse(s) would be established in India;
- Cut and polished diamonds may be imported on consignment basis for the purpose of grading/certification and re-export by the authorized offices/agencies of Gemological Institute of America in India or other approved agencies;
- Personal carriage limits for participation in exhibitions have been allowed to USD 5 million and to USD 1 million in case of export promotion tours in order to promote export of gems and jewellery products; and
- Unsold items used in exhibitions in the United States of America may be re-imported within 90 days.

Labour Laws

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Industries (Development and Regulation) Act, 1951, Industrial Disputes Act 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") defines a 'factory' to cover any premises which employs ten or more workers and in which manufacturing process is carried on with the aid of power and covers any premises where there are at least 20 workers who may or may not be engaged in an electrically aided manufacturing process. Each State Government has rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the occupier of a factory, i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. Persons who design, manufacture, import or supply articles for use in a factory must ensure the safety of the workers in the factory where the articles are used. If the safety standards of the country where the articles are manufactured are above Indian safety standards, the articles must conform to the relevant foreign standards. There is a prohibition on employing children below the age of fourteen years in a factory. If there is violation of any provisions of the Factories Act or rules framed there under, the occupier and manager of the factory may be punished with imprisonment for a term up to two years and/or with a fine up to

Rs.100,000 or both, and in case of such violation continuing after conviction, with a fine of up to Rs.1,000 per day of violation. In case of a contravention which results in death or serious bodily injury, the fine shall not be less than Rs.25,000 in the case of an accident causing death, and Rs.5,000 in the case of an accident causing serious bodily injury. In case of contravention after a prior conviction, the term of imprisonment increases up to three years and the fine would be Rs.300,000 and in case such contravention results in death or serious bodily injury the fine would be a minimum of Rs.35,000 and Rs.10,000, respectively.

The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (“**ESI Act**”) provides for certain benefits to employees in case of sickness, maternity and employment injury.

The ESI Act extends to the whole of India. It applies to all factories (including government factories but excluding seasonal factories) employing ten or more persons and carrying on a manufacturing process with the aid of power or employing 20 or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

A factory or other establishment, to which the ESI Act applies, shall continue to be governed by its provisions even if the number of workers employed therein falls below the specified limit or the manufacturing process therein ceases to be carried on with the aid of power, subsequently.

The ESI Act does not apply to the following:

1. Factories working with the aid of power wherein less than 10 persons are employed;
2. Factories working without the aid of power wherein less than 20 persons are employed;
3. Seasonal factories engaged exclusively in any of the following activities viz. Cotton ginning, cotton or jute pressing, decortication of groundnuts, the manufacture of coffee, indigo, lacs, rubber, sugar (including gur.) or tea or any manufacturing process incidental to or connected with any of the aforesaid activities, and including factories engaged for a period not exceeding seven months in a year in blending, packing or repackaging of tea or coffee, or in such other process as may be specified by the Central Government;
4. A factory which was exempted from the provisions of the Act as being a seasonal factory will not lose the benefit of the exemption on account of the amendment of the definition of seasonal factory;
5. Mines subject to the Mines Act, 1952;
6. Railway running sheds;
7. Government factories or establishments, whose employees are in receipt of benefits similar or superior to the benefits provided under the Act and Indian naval, military or air forces.

The appropriate Government may exempt any factory or establishments or class of factories or establishments or any employee or class of employees from the provisions of the ESI Act. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages upto Rs. 10,000 per month is entitled to be insured under the ESI Act. However, apprentices engaged under the Apprentices Act are not entitled to the ESI benefits. Coverage of part time employees under the ESI Act will depend on whether they have contract of service or contract for service with the employer. The former is covered whereas the latter are not covered under the ESI Act.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the “**Gratuity Act**”), an employee in a factory is deemed to be in ‘continuous service’ for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. An employee who has been in continuous service for a period of five years will eligible for gratuity upon his retirement,

superannuation, death or disablement. The maximum amount of gratuity payable shall not exceed Rs.3,50,000.

Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965 (the “**Payment of Bonus Act**”) an employee in a factory who has worked for at least 30 working days in a year is eligible to be paid bonus. ‘Allocable surplus’ is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit of our Company. The minimum bonus to be paid to each employee is 8.33% of the salary or wage or Rs.100, which ever is higher, and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Act by a company will be punishable by proceedings for imprisonment up to six months or a fine up to Rs.1,000 or both against those individuals in charge at the time of contravention of the Payment of Bonus Act.

Minimum Wages Act, 1948

The State Governments may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the Official Gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Any contravention may result in imprisonment of up to six months or a fine of up to Rs.500.

Workmen’s Compensation Act, 1923

If personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman willfully disobeyed safety rules. Where death results from the injury the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman, the maximum of which is 228.54 for a worker aged 16 years) or Rs.80,000. Where permanent total disablement results from injury the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or Rs.90,000. The maximum wage which is considered for the purposes of reckoning the compensation is Rs.4,000.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 (“**WPA**”), the Air (Prevention and Control of Pollution) Act, 1981 (“**APA**”) and the Environment Protection Act, 1986 (“**EPA**”).

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade

effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

The EPA has been enacted for the protection and improvement of the environment. The Act empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

Foreign Exchange Management Act (“FEMA”) and the Regulations made there under:

Foreign investment in Indian securities is regulated by the Foreign Exchange Management Act, 1999 (“FEMA”). Under Section 6(3) (b) of FEMA, the RBI has the authority to prohibit, restrict or regulate the transfer or issue of any Indian security by a person outside India. The RBI has prescribed the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, pursuant to which the residents of India cannot undertake any transaction with persons outside India, sell, buy, lend or borrow foreign currency, issue or transfer securities to non-residents or acquire or dispose of any foreign security without the permission (general or special) of the RBI. In terms of regulations made under FEMA and circulars issued from time to time, the RBI has accorded general permission for a range of transactions, with and without monetary limits and other conditions and restrictions.

While the industrial policy and the RBI regulations prescribe the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner/procedure in which such investment may be made. Under the industrial policy and the RBI regulations, unless specifically restricted, foreign investment is freely permitted in almost all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India (“FIPB”) and the RBI. **As per current foreign investment policies, foreign direct investment in a manufacturing unit is allowed upto 100% under the automatic route.**

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 (which is 1005 for our sector) for that company after approval of the board of directors and approval of the shareholders of our 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 our 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.

Fiscal Legislations

Our Company is subject to certain fiscal legislations such as the Income Tax Act, 1961, the Central Excise Act, 1944, the Customs Act, 1962 and The Central Sales Tax Act, 1956.

We propose to set up another manufacturing unit at a special economic zone at Hyderabad Gems SEZ, Andhra Pradesh. The same is proposed to be financed through the issue proceeds. For further details, please see “Objects of the Issue” on page 63 of the Draft Red Herring Prospectus. Laws pertaining to operations within SEZs are guided by the following enactments:

Special Economic Zones Act, 2005 (SEZ Act)

The SEZ Act provides for the establishment, development and management of the special economic zones for the promotion of exports and for matters connected therewith or incidental thereto.

The units established in the SEZ are amenable to certain exemptions and concessions under certain policies and rules:

1. Exemption from duties of customs under the Customs Act, 1962
2. Exemption from Central Excise Act, 1944
3. Exemption from service tax under the Finance Act, 1994
4. Exemption from levy of the taxes on the sale or purchase of goods under the Central Sales Tax Act, 1956
5. Exemption under section 10 of the Income Tax Act, 1961
6. Treatment of supplies from DTA to SEZ on par with physical exports for the purpose of Income Tax exemptions.
7. Suppliers to SEZ entitled to physical export benefits such as drawback, advance licence, DFRC and DEPB

The Special Economic Zone Rules, 2006 (the “SEZ Rules”)

The SEZ Rules 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 % 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.



HISTORY AND CORPORATE STRUCTURE

Brief History

Our Company was incorporated under the Companies Act as a private limited company by the name of Ratanchand Jewellers Private Limited pursuant to a certificate of incorporation no. U51398KA2005PTC036868 dated August 1, 2005.

With effect from September 5, 2005, our Company purchased the existing business of Ratan Jewellers, a proprietary firm engaged in the jewellery business.

In 2008, we set up our first manufacturing facility at Bengaluru admeasuring 5,000 sq. ft. and with a capacity of 1,200 Kgs of gold.

The status of our Company was converted to a public limited company and consequently the name of our Company was changed to Ratanchand Jewellers Limited, pursuant to a fresh certificate of incorporation consequent to change of name dated December 2, 2010, issued by the Registrar of Companies, Karnataka.

Our Company is engaged in the manufacturing and exporting of handcrafted gold and studded jewellery. For further details of the business of our Company, please see the section titled “Business” on page 91.

As on the date of this Draft Red Herring Prospectus, our Company has 10 shareholders. For more details on the shareholding of the members, please see the section titled “Capital Structure” at page 48.

Major Events and Milestones

The table below sets forth some of the major events in the history of our Company:

Year	Details
2005	<ul style="list-style-type: none"> Formation of our Company as a private limited company viz., Ratanchand Jewellers Private Limited Our Company took over the business of “Ratan Jewellers” a sole proprietorship concern
2006	<ul style="list-style-type: none"> Started marketing supplying gold jewellery in huge quantities to retail chains in South India
2008	<ul style="list-style-type: none"> Received the status of 100% Export Oriented Unit (EOU) Setting up of our own manufacturing facilities at our registered office premises measuring 2,500 Sq. Ft. We received Export Appreciation award from The Jewellers association, Bengaluru for the year 2007-2008.
2009	<ul style="list-style-type: none"> We have received Export Appreciation Award from The Jewellers Association , Bengaluru for the year 2008-2009 Our turnover crossed Rs. 10,000 Lakhs
2010	<ul style="list-style-type: none"> Export Excellence Award from The Jewellers Association , Bengaluru for the year 2009-2010. Purchased our current registered office at Bengaluru with ample space to set up manufacturing facilities Blocked manufacturing space measuring 6,500 Sq. Ft. at Hyderabad Gems SEZ, Andhra Pradesh Our turnover crossed Rs.2,000 Lakhs
2011	<ul style="list-style-type: none"> Set up new manufacturing facility measuring 16,000 Sq. Ft. at Bengaluru We obtained ISO 9001:2008 quality certification Shifted our Registered Office from 25, Murugan Mansion, 3rd floor, 2nd main, Sudham Nagar, Bengaluru - 560 027 to No. 29, Golden Chambers, Lalbagh Fort Road, Minerva Circle, Bengaluru – 560 004

Main Objects of our Company

1. To import, export. Manufacture, traders, dealers in all kinds of jewellery made of gold, diamonds, ruby, gems, sapphire, topaz, silver any precious or semi-precious metals, whether studded with diamonds, precious or semi-precious stones, ornaments or other materials, bullion, utensils of silver or gold or other precious or semi-precious metals, silver plating or gold plating, costume jewellery, artificial ornaments, metals, alloys and jewellery accessories of all types and kinds.
2. To carry on business as jewellery, diamond merchants, diamond cutters and polishers, dealers in and manufactures of all kinds of jewellery made of gold, diamonds, silver or any precious or semi-precious metals, whether studded with diamonds, precious or semi-precious stones or Other materials, bullion, silver merchants, dealers and manufactures of utensils of silver or gold or other precious or semi-precious metals, silver plating or gold plating of any articles, coins, medals and other articles and things which may be made by jewelers.
3. To carry on the business of buyers, sellers, dealers, commission agents, job workers and all kinds of varieties of gems, jeweler, diamonds, crystals, beads and all kinds of precious stones and ornaments made of gems and diamonds.
4. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local, non-residents of Indian organ or otherwise, overseas corporate bodies, or other bodies, all or any of the businesses to manufacture, produce, design, develop, modify, build, refine, repair, process, prepare, fabricate, alter, dismantle,, provide, exchange, remove, set, convert, finish, polish, cut, fit, trim, contract, sub-contract, supply, turn to account, buy, sell, import, export, wholesale, retail and to act as agent, job worker, consignor, contractor, vender, collaborator, stockiest, export house, valuer, distributor or otherwise to deal in all shapes, sizes, varieties, description, design, applications, combinations and uses of apparel. Ornaments, gems, jewellerys, rough, raw, cut, uncut, polished or processed, natural and manmade precious and semiprecious natural stones such as diamonds, ruby, pearls, gemstones, blue sapphires, topaz, opal, jade, gold stone and their ornaments, jewellerys, articles, goods, or things made in the combination of gold, silver, platinum, or other menials, and alloys thereof and for the purpose to act as goldsmith, silversmith, jewelers, gem merchants, polishers.
5. Our Company can enter into forward /options / derivative etc., contracts with any banks for hedging their foreign exchange exposure in all types of jewellery and allied activities.

Amendments to our Memorandum of Association

Since incorporation of our Company the following changes have been made to our Memorandum of Association

Amendment	Nature of alteration
March 12, 2008	Increasing Authorised Capital from Rs. 25.00 Lakhs to Rs. 500.00 Lakhs
September 11, 2008	New Object clause included our Company enter into forward / options / derivative etc, contracts with any banks for hedging their foreign exchange exposure in all types of Jewellery exports and allied activities”
July 16, 2010	Increasing Authorised Capital from Rs. 500.00 Lakhs to Rs.1,000 Lakhs
October 12, 2010	Increasing Authorised Capital from Rs.1,000 Lakhs to Rs.3,000 Lakhs
November 26, 2010	From Ratanchand Jewellers Pvt. Ltd to Ratanchand Jewellers Ltd
January 17, 2011	Increasing Authorised Capital from Rs.3,000 Lakhs to Rs.3,500 Lakhs

Total number of Shareholders of our Company

As of the date of filing of this DRHP, the total number of holders of Equity Shares is 10. For more details on the shareholding of the members, please see the section titled “Capital Structure” at page 49.



Raising of capital by Our Company

Other than as disclosed under “Capital Structure” and “Financial Indebtedness” on pages 49 and 159 respectively of this Draft Red Herring Prospectus, we have not raised any capital either in the form of equity or debt.

Time and Cost Overruns

As on date of filing of this Draft Red Herring Prospectus, there has been no time and cost overruns in the implementation of our Projects.

Changes in the Registered Office of our Company

The table below sets forth the changes to the registered office of our Company since incorporation:

Address From	Address to	Date of change	Reasons for change
No. 68, T A P Arcade, I Floor, C T Street, Avenue Road, Bengaluru	No. 25, Murugan Mansion, III Floor, 2 nd Main Road, Sudhamanagar, Bengaluru 560 027	November 1, 2008	Administrative efficiency
No. 25, Murugan Mansion, III Floor, 2 nd Main Road, Sudhamanagar, Bengaluru 560 027	No. 29, Golden Chambers, Lalbagh Fort Road, Near Minerva Circle, Bengaluru 560004	January 19, 2011	Administrative efficiency

Injunctions or restraining order against Our Company

There have been no injunctions or restraining order against our Company.

Subsidiaries of our Company

Our Company currently has no subsidiaries.

Shareholders Agreements

There is no separate agreement between any shareholder and our Company as on date of filing of this Draft Red Herring Prospectus.

Joint Venture Agreements

As on date of filing this Draft Red Herring Prospectus with SEBI we have not entered into any joint venture agreements with any other company or entity.

Debenture Agreement

As on date of filing this Draft Red Herring Prospectus with SEBI we have not entered into any Debenture agreements with any other company or entity.

Other Agreements

There are no other agreements.

Strategic Partners

As on date of filing this Draft Red Herring Prospectus with SEBI there are no strategic partner agreements entered into by our Company except as stated above.



Financial Partners

As on date of filing this Draft Red Herring Prospectus with SEBI there are no financial partner agreements entered into by our Company.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, our Company must have a minimum of three and a maximum of twelve Directors. As on the date of this Draft Red Herring Prospectus, our Company has 9 Directors on its Board. The following table sets forth the details of the Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, Age, Father's Name, Designation, Address, DIN, Occupation, Term and Nationality	Date of Appointment	Other Directorships/ Proprietor/ Partnership/ HUF/ Trust in which Director is a Trustee
Mr. Lalith R Ramani Age: 51 years S/o – Late Ratan Chand Designation: Managing Director Address: No. # 10, Sanskrit Castle, K.R. Road Basavangudi, Bengaluru - 560 004 DIN No.: 01743120 Occupation: Business Term: For a period of 5 years with effect from September 1, 2010 to August 31, 2015 Nationality: Indian	August 1, 2005	Ratanchand Mines and Minerals Pvt. Ltd. Lalith (HUF)
Mr. Nitesh L Ramani Age: 27 years S/o – Mr. Lalith R Ramani Designation: Whole time Director Address: No. # 10, Sanskrit Castle, K.R. Road Basavangudi, Bengaluru - 560 004 DIN No.: 01743220 Occupation: Business Term: For a period of 5 years with effect from September 1, 2010 to August 31, 2015 Nationality: Indian	August 1, 2005	Ratanchand Mines and Minerals Pvt. Ltd.
Ms. Vijaya L Ramani Age: 47 years W/O – Lalith R Ramani Designation: Non Executive Director Address: No. # 10, Sanskrit Castle, K.R. Road, Basavangudi, Bengaluru - 560 004 DIN No.: 02691491 Term: Liable to retire by rotation Occupation: Business Nationality: Indian	August 1, 2005	Nil
Ms. Saniya N Ramani Age: 24 years W/o – Nitesh L Ramani Designation: Non Executive Director Address: No. # 10, Sanskrit Castle, K.R. Road , Basavangudi, Bengaluru - 560 004 DIN No.: 03315898 Term: Liable to retire by rotation Occupation: Business Nationality: Indian	November 29, 2010	Nil

Name, Age, Father's Name, Address, DIN, Occupation, Nationality	Designation, Term and	Date of Appointment	Other Directorships/ Proprietor/ Partnership/ HUF/ Trust in which Director is a Trustee
Mr. Anil Agarwal Age: 47 years Designation: Independent Director Address: 3-6-21/3, Himayantnagar Skyline Theatre, Hyderabad-500029 DIN No.: 01088237 Occupation: Business Term: Liable to retire by rotation Nationality: Indian		November 29, 2010	Lotus Properties & Developers India Ltd.
Mr. Indermal Ramani Age: 55 years Designation: Independent Director Address: # 10, Nannian St. Sowcarpet, Chennai-600 002 DIN No.: 01005405 Occupation: Business Term: Liable to retire by rotation Nationality: Indian		November 29, 2010	Abhishek Jewellers Pvt. Ltd.
Mr. Gajraj Kothari Age: 56 years Designation: Independent Director Address: # 3, KR Road, 2 nd Floor, Mandoth Residency, Basavangudi, Bengaluru-560 004 DIN No.: 02985366 Occupation: Business Term: Liable to retire by rotation Nationality: Indian		November 29, 2010	Sapana Pharmaceuticals Rajsons Pharma Distributors
Mr. Ashok Porwal Age: 45 years Designation: Independent Director Address: # 401, 8 th B Main, 1 st Floor, 4 th Block, Jayanagar, Bengaluru-560 011 DIN No.: 02646556 Occupation: Business Term: Liable to retire by rotation Nationality: Indian		November 29, 2010	A.B. Gold Pvt.Ltd.
Mr. Shiva Prakash C Age: 45 years Designation: Independent Director Address: # 49, Srikanta Krupa, RP Road, Nanjangud, Mysore-571301 DIN No.: 02291563 Occupation: Business Term: Liable to retire by rotation Nationality: Indian		November 29, 2010	Yagachi Food Technology Park Pvt. Ltd. MyShore IT Solutions Pvt. Ltd.



Brief Biography of the Directors

Mr. Lalith R Ramani,

Mr. Lalith R Ramani, aged 51 years, is the Chairman and Managing Director of our Company. He is a graduate from Rajasthan University. He has more than 30 years of experience in the field of gems and Jewellery. Mr. Lalith spearheads the overall functioning of our Company.

Mr. Nitesh L Ramani

Mr. Nitesh L Ramani, aged 27 years, is the Executive Director of our Company. He holds bachelors degree in commerce from Bengaluru University. He holds 7 years of experience in jewellery business. Mr. Nitesh takes care of the International Sales & marketing, expansion, diversification, trade and sourcing of raw materials.

Ms. Vijaya L Ramani

Ms. Vijaya L Ramani, aged 47 years, is the Non Executive Director of our Company. She holds 12 years of experience in jewellery business particularly into handmade jewellery.

Ms. Saniya N Ramani

Ms. Saniya N Ramani, aged 24 years, is the Non Executive Director of our Company. She holds bachelors degree in commerce from Mumbai University. She has been responsible for Marketing and business development of branded jewellery for the past 2 years.

Mr. Anil Agarwal

Mr. Anil Agarwal, aged 47 years, is the Independent Director of our Company. He holds bachelors degree in commerce from Osmania University, Hyderabad. He has 25 years of experience in the field of manufacturing of colour gems stones and Jewellery particularly in the diamond Industry.

Mr. Indermal Ramani

Mr. Indermal Ramani, aged 55 years, is the Independent Director of our Company. He holds bachelors degree in commerce from Jodhpur University, Rajasthan. He has 30 years of experience in the field of trading and manufacturing of gems and jewellery and diamonds.

Mr. Gajraj Kothari

Mr. Gajraj Kothari, aged 56 years, is the Independent Director of our Company. He holds bachelors degree in commerce from Jodhpur University.

Mr. Ashok Porwal

Mr. Ashok Porwal, aged 45 years is the Independent Director of our Company. He has 20 years of experience in the field of manufacturing and marketing of gold jewellery.

Mr. Shiva Prakash C

Mr. Shiva Prakash C, aged 45 years is the Independent Director of our Company. He holds B.E. degree and Post graduate diploma in marketing management from Mysore University. Mr. Shiva has extensive experience in manufacturing, financial services, telecom and utilities verticals.

None of our Directors hold current and/ or past directorship(s) for a period of five years in listed companies whose shares have been or were suspended from being traded on the Bombay Stock Exchange Limited or the National Stock Exchange of India Limited or in listed companies who have been / were delisted from stock exchanges.

Note: None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Draft Red Herring Prospectus.

- I. As on the date of this Draft Red Herring Prospectus, there is no arrangement or understanding with major, customers, suppliers or others, pursuant to which any of our Directors was selected as a director or a member of our senior management.*
- II. As on the date of this Draft Red Herring Prospectus, there are no service contracts entered into by and between our Directors and our Company whereby benefits would be provided upon termination of employment*

Relationships between the Directors

Sl. No.	Name of Director	Relationship Between Directors
1	Mr. Lalith R Ramani	-
2	Ms. Vijaya L Ramani	Wife of Mr. Lalith R Ramani
3	Mr. Nitesh L Ramani	Son of Mr. Lalith R Ramani
4	Ms. Saniya N Ramani	Daughter-in-law of Mr. Lalith R Ramani

*Mr. Indermal Ramani is not related to any of the Directors of the Promoters/Promoters Group of Ratanchand Jewellers Limited, as mentioned in the table above.

Details of Borrowing Powers

Vide a Resolution passed at the Extra-Ordinary General Meeting of the members of our Company held on January 17, 2011 consent of the members was accorded to the Board of Directors of our Company to borrow up to Rs. 15,000 Lakhs. The resolution passed under Section 293(1) (d) of the Companies Act, 1956 is as follows:

“RESOLVED THAT pursuant to provisions of section 293(1)(a), 293(1)(d) and other applicable provisions of the companies Act 1956, the consent of the company be and is hereby accorded to the Board of Directors of the Company for mortgaging and / or charging of the all or any of the immovable and movable properties of the company, wheresoever’s situated, both present and future, or the whole or substantially the whole of the undertaking of the company in such form and in such manner as the Board of Directors may think fit, together with power to enter upon and take possession of the assets of the company in certain events, for security in any loan and / or advances including credit facilities already obtained or that may be obtained from Banks, Financial Institutions, Debenture holder, Debenture Trustees, or any other Public Financial Institutions, Foreign Institutions, Foreign Lending Institutions subject to FEMA regulations or other person or persons together with Interest / Additional Interest, further Interest, Compounded Interest, Liquidated Damages, Commitment Charges, premier or prepayment or on redemption costs, charges, expenses and other moneys including any increase as a result of devaluation / revaluation / fluctuation in exchange rate of foreign currency involved, payable by the company to the concerned lenders within the overall limit of Rs. 15,000 Lakhs.”

“RESOLVED FURTHER THAT the Board of the Company be and is hereby authorized to finalize with the concerned lenders the documents for creating Mortgages and / or charges and to do all such acts and things as may be necessary and expedient for giving effect to the above Resolution.”

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any qualification shares in our Company. For details of shareholding of our Directors in our Company, see section titled “Capital Structure” at page 49.

Compensation of Chairman and Managing Director

Mr. Lalith R Ramani

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the Consent of the Company be and is hereby accorded to the reappointment of Mr. Lalith Kumar Ramani as Chairman and Managing Director of the Company for a period of 5 years with effect

from September 01, 2010 to August 31, 2015 on the following Remuneration notwithstanding that the Company has made no profits or the profits are inadequate in any financial year of the Company during his tenure as Chairman and Managing Director, with the following terms and conditions herein mentioned:

Remuneration:

1. Salary: Rs.5,00,000/- per month which shall include the following perquisites:
2. Rent free residential accommodation to be provided by the Company. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income-tax Rules, 1962, subject to a ceiling of 25% of salary.
3. Medical Reimbursement / Allowance for self and family, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession / Allowance for self and family once in a year either in India or abroad, as per the rules of the Company.
5. Admission and Annual Club Membership Fees for YPO and for two more Cosmopolitan etc. clubs for an expenditure not exceeding Rs. 2.00 Lakhs per annum.
6. Personal Accident and Health Insurance Premium not exceeding Rs. 1.00 Lakh per annum.
7. Free use of Company's Car with driver.
8. Free Communication facilities like Telephones / Mobiles / Fax at residence.
9. Reimbursement of expenses actually incurred by him for the business of the Company.

However the following shall be excluded in computation of the above said remuneration.

- Leave Encashment: Earned leave with full pay and allowances as per the rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.
- Contributions to Provident Fund, Superannuation Fund or Annuity fund are as per the rules of the Company and to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT the above mentioned remuneration shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as Chairman and Managing Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

Compensation of Whole Time Director

Mr. Nitesh L Ramani

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the Consent of the Company be and is hereby accorded to the reappointment of Mr. Nitesh Kumar Ramani as Executive Director of the Company for a period of 5 years with effect from 1st September 2010 to 31st August 2015 on the following Remuneration notwithstanding that the Company

has made no profits or the profits are inadequate in any financial year of the Company during his tenure as Executive Director, with the following terms and conditions herein mentioned:

Remuneration:

1. Salary: Rs.5,00,000/- per month which shall include the following perquisites:
2. Rent free residential accommodation to be provided by the Company. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income-tax Rules, 1962, subject to a ceiling of 25% of salary.
3. Medical Reimbursement / Allowance for self and family, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession / Allowance for self and family once in a year either in India or abroad, as per the rules of the Company.
5. Admission and Annual Club Membership Fees for YPO and for two more Cosmopolitan etc. clubs for an expenditure not exceeding Rs. 2.00 lakhs per annum.
6. Personal Accident and Health Insurance Premium not exceeding Rs. 1.00 Lacs per annum.
7. Free use of Company's Car with driver.
8. Free Communication facilities like Telephones / Mobiles / Fax at residence.
9. Reimbursement of expenses actually incurred by him for the business of the Company.

However the following shall be excluded in computation of the above said remuneration.

- Leave Encashment: Earned leave with full pay and allowances as per the rules of the company. Leaves accumulated but not availed of during his tenure will be allowed for encashment.
- Contributions to Provident Fund, Superannuation Fund or Annuity fund are as per the rules of the Company and to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

RESOLVED FURTHER THAT the above mentioned remuneration shall be paid and allowed as a minimum remuneration during the currency of tenure of his office as Executive Director, notwithstanding the absence or inadequacy of profits in any accounting year as long as the minimum remuneration is within the prescribed limits under Section II of Part II of Schedule XIII of the Companies Act, 1956".

Remuneration of our Directors for Financial Year 2010

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Basic	12.60	16.80
Perquisites	0.00	0.00
Total	12.60	16.80

In addition, our Company will, subject to the provisions of the Companies Act and other applicable laws and regulations, pay each independent Director sitting fees to attend meetings of the Board and any committee of the Board. Our Company will also reimburse such Directors for out-of-pocket expenses to attend such meetings and perform their role as a Director. These Directors may also be

paid commissions and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act and other applicable laws and regulations.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 to the extent possible. 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 the Board has Nine Directors, of which the Chairman of the Board is an Executive and non-Independent Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, our Company has Two Executive Directors and Seven non-executive Directors on the Board.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

Audit Committee

The Audit Committee was constituted vide Board Resolution dated December 30, 2010. The terms of the Audit Committee comply with the requirements of Section 292A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Audit Committee of our Company currently comprises of 2 independent Director and 1 Executive Director.

S. No.	Name of the Member	Designation	Status
1	Gajraj Kothari	Chairman	Independent Director
2	Ashok Porwal	Member	Independent Director
3	Nitesh L Ramani	Member	Executive Director

Our Company Secretary shall act as the secretary of the Audit Committee.

The role of the Committee has been defined to include the following activities:

- (a) Overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- (e) 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

- (f) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (g) Reviewing the adequacy of 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.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- (n) Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee and
6. Financial statements, in particular, the investments made by the unlisted subsidiary company.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be minuted in the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of our Company to provide clarifications on matters relating to the audit. The audit Committee is required to meet at least four times in a year under Clause 49 of the Listing Agreement.

Remuneration/Compensation Committee

The Remuneration Committee was constituted vide Board Resolution dated December 30, 2010. The Remuneration Committee currently comprises of 2 Independent Directors and 1 Executive Director

S. No.	Name of the Member	Designation	Status
1	Shiva Prakash C	Chairman	Independent Director
2	Nitesh L Ramani	Member	Executive Director
3	Indermal Ramani	Member	Independent Director

Our Company Secretary shall act as the secretary of the Remuneration Committee.



The Remuneration Committee has been empowered with the role and function as per the provisions as specified under Annexure I D(2) of the Corporate Governance Code under Clause 49 of the Listing Agreement including the appointment and finalizing the remuneration of senior level employees of our Company.

The terms of reference of the Remuneration Committee are as follows:

- (a) The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- (b) Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- (c) Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- (d) Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- (e) Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

Shareholders'/ Investor Grievances Committee

The Shareholders'/ Investors Grievances Committee were constituted by the Directors of our Company vide Board Resolution dated December 30, 2010. The share transfer/ investors grievance committee currently comprises of 2 Independent Director and 1 Non Executive Director

S. No.	Name of the Member	Designation	Status
1	Anil Agarwal	Chairman	Independent Director
2	Shiva Prakash C	Member	Independent Director
3	Saniya N Ramani	Member	Non Executive Director

Our Company Secretary shall act as the secretary of the Shareholders'/ Investors' Grievances Committee.

The scope and function of this committee is to:

1. To approve the request for transfer, transmission, etc. of shares;
2. To approve the dematerialization of shares and rematerialisation of shares, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures, if any;
3. To consider and approve, split, consolidation and issuance of duplicate shares;
4. Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.;
5. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters.
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances.
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
9. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.;
10. Oversee the performance of Registrar and Transfer Agent; and
11. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Our Company has appointed Mr. K. N. Suryaprakash, as the Compliance Officer for the Issue, at its Board meeting held on August 27, 2010 with effect from September 01, 2010.

Our Company also undertakes to comply with the other requirements of clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Presently there are 10 (Ten) shareholders in our Company. Our company has not received any complaint from any shareholder/investor and hence there has not been any meeting of the Shareholders and Investors Grievances committee during the current financial year.

IPO Committee

The IPO Committee was constituted vide Board Resolution dated December 02, 2010 to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation etc. for the information of the Stock Exchanges and Investors and shall keep the information up dated through our Company's website.

The composition of the IPO Committee is as follows:

Sl. No.	Name of the Member	Designation	Status
1	Lalith R Ramani	Chairman	Executive Director
2	Nitesh L Ramani	Member	Executive Director
3	Shiva Prakash C	Member	Independent Director

Our Company Secretary shall act as the secretary of the IPO Committee.

The terms of reference of the IPO Committee are as follows:

- to decide on the actual size of the IPO, including any offer for sale by promoters/shareholders, green shoe option, any pre-IPO placement, promoter's contribution and/or reservation for employees or shareholders of promoting companies or shareholders of group companies and/or any other reservations or firm allotments as may be permitted, timing, pricing and all the terms and conditions of the issue of the Equity Shares, and to accept, implement, negotiate, carry out and decide any amendments, modifications, variations or alterations thereto;
- to appoint and enter into arrangements with the book running lead managers, co-managers to the Issue, underwriters to the Issue, Bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, including any successors or replacements thereof;
- to finalize, approve, execute and deliver or arrange the delivery of the offering documents (including the draft red herring prospectus, the red herring prospectus, the final prospectus (including the preliminary international wrap and the final international wrap, if required, for marketing of the Issue in jurisdictions outside India)), the statement-in-lieu of the prospectus, syndicate agreement, underwriting agreement, escrow agreement, stabilization agreement and all other documents, deeds, agreements and instruments and any amendments, supplements, notices or corrigenda thereto, together with any summaries thereto, as may be required or desirable in connection with the issue of the Equity Shares or the IPO by our Company;
- To open one or more separate current account(s) in such name and style as may be decided, with a Scheduled bank to receive applications along with application monies in respect of the issue of the Equity Shares of our Company.
- to open one or more bank account(s) of our Company in such name and style as may be decided for the handling of refunds for the Issue;
- to open any other bank account(s), share/securities account, escrow or custodian accounts, in India or abroad, in rupees or in any other currency, in accordance with applicable laws, rules, regulations, approvals and guidelines;

- to make applications for listing of the Equity Shares of our Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s), or equivalent documentation to the concerned stock exchange(s) and to take all such actions as may be necessary in connection with obtaining the listing of the Equity Shares of our Company;
- to make and approve amendments to the memorandum of association and the articles of association of our Company; to approve all actions required to dematerialize the Equity Shares of our Company; to approve codes of conduct as may be considered necessary by the Board or the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of our Company and other employees of the Company;
- to approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines;
- to approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, regulations or guidelines in connection with the IPO;
- to take all action as may be necessary or authorized in connection with any offer for sale; to remunerate all book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of commission, brokerage, fees or the like;
- to seek the admission of our Company's Equity Shares into the Central Depository Services (India) Limited and the National Securities Depository Limited and take any further action as may be necessary or required for the dematerialization of our Company's Equity Shares;
- to seek, if required, the consent of our Company's lenders, parties with whom our Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the IPO.
- to determine the price band for the purpose of bidding, any revision to the price band and the final IPO price after bid closure; to determine the bid opening and closing dates; to finalize the allocation/allotment/transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers in consultation with the book running lead managers, the stock exchanges and/or any other entity;
- to allocate/issue/allot/transfer the Equity Shares in accordance with the terms of the IPO, and all such Equity Shares shall rank *pari passu* with the existing Equity Shares of our Company in all respects, except as may be provided under the terms of the Issue and any IPO document;
- to authorize and empower Mr. Lalith R Ramani, Mr. Nitesh L Ramani and Mr. Shiva Prakash C, officers of our Company (each, an Authorized Officer), for and on behalf of our Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or advisable, in connection with the IPO, including, without limitation, engagement letter(s), the listing agreements, the registrar's agreement and memorandum of understanding, the depositories agreements, the memorandum of understanding with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the stabilization agreement, the escrow agreement, confirmation of allocation notes, and any agreement or document in connection with the Pre-IPO placement (including any placement agreement, escrow agreement and offering documentation), with the book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to

the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and our Company in so doing;

- to severally authorize each of the Authorized Officers to enter into and execute all other arrangements, letters, agreements, deeds, and powers of attorney with the placement agents, book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, with such changes, additions and insertions thereto as any Authorized Officer may deem necessary, appropriate or advisable, and to make payments to or remunerate the book running lead managers, co-managers to the Issue, underwriters to the Issue, bankers to our Company, syndicate members to the Issue, advisors to the Issue, stabilizing agent, brokers to the Issue, escrow collection bankers, accountants, auditors, depositories, trustees, custodians, registrar to the Issue, legal advisors as to Indian and overseas jurisdictions to our Company, advertising and/or promotion or public relations agencies and any other agencies, persons or other intermediaries as may be involved with the IPO, by way of fees, commission, brokerage or the like; and any such documents so executed and delivered or acts and things done or caused to be done by any Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and our Company in so doing and any document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Authorized Officer and our Company;
- to make or to authorize an Authorized Officer to make any application and take any and all action in connection with obtaining approvals or entering into any arrangement, in respect thereof from the Foreign Investment Promotion Board of India, the Reserve Bank of India, the shareholders of our Company, the Government of India, the Securities and Exchange Board of India, the Registrar of Companies and such other authorities, as may be required, for the purpose of issue of the Equity Shares by our Company in the IPO, including the issue of the Equity Shares to non-resident investors, including but not limited to, NRIs, FIIs, FVCI's and other non-residents;
- to severally authorize and empower each Authorized Officer, for and on behalf of our Company, to execute and deliver any and all other documents, papers or instruments and to do or cause to be done any and all acts or things as any such Authorized Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the IPO; and any such documents so executed and delivered or acts and things done or caused to be done by any such Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and our Company in so doing and any such document so executed and delivered or acts and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officer and our Company, as the case may be;
- to settle all questions, difficulties or doubts that may arise in regard to the Issue or allotment of Equity Shares as the IPO Committee may, in its absolute discretion, deem fit; and
- to sign, execute, and deliver all such documents or instruments and do all such acts, deeds, matters and things as the IPO Committee may, in its absolute discretion, deem necessary or desirable in order to carry out the purposes and intent of the foregoing, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the Equity Shares as permissible in law and issue of share certificates in accordance with the relevant rules, and any documents or instruments so



executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Shareholding of Directors in our Company

Except as below, the Directors do not hold any Equity Shares in our Company.

Name of Director	No. of Equity Shares held	Percentage (%)
Mr. Lalith R Ramani	1,16,02,440	58.01%
Mr. Nitesh L Ramani	40,00,520	20.00%
Ms. Saniya N Ramani	12,40,000	6.20%
Ms. Vijaya L Ramani	7,88,000	3.94%

Policy on Disclosure and internal procedure for prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 on the listing of our shares on BSE and NSE. Mr. K. N. Suryaprakash, Company Secretary and Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Interest of Directors

Except for Mr. Lalith R Ramani, Ms. Vijaya L Ramani, Mr. Nitesh L Ramani (Promoter -Directors) and Ms. Saniya N Ramani (Promoter Group Director), none of our Directors are interested in the Promotion of our Company.

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration payable to them for their services as Whole-time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. All our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any either the Director himself, other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations. Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoters, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of two years before the date of this Draft Red Herring Prospectus or proposed to be acquired by us as on the date of this Draft Red Herring Prospectus. For further details please refer to paragraph titled "Property" in the chapter titled "Business Overview" beginning on page 93 of this Draft Red Herring Prospectus

Interest as to Property

Except as disclosed in the Draft Red Herring Prospectus, our Directors do not have any interest:

- in the promotion of our Company; or
- in any property acquired by our Company within two years from the date of the Draft Red Herring Prospectus, or proposed to be acquired by our Company.

Unsecured Loans

For details with respect to the unsecured loans of the Directors please refer to the chapter titled “Financial Indebtedness” beginning on page 159 of the Draft Red Herring Prospectus.

Changes in the Board of Directors

The changes in the Board of Directors during the last three years are as follows:

Name	Date of Appointment	Date of Resignation	Reason for Change
Vimala R Ramani	August 1, 2005	November 29, 2007	Resignation due to pre occupation
Ramesh R Ramani	August 1, 2005	November 29, 2007	Resignation due to pre occupation
Sarath Chandra	April 10, 2009	March 15, 2010	Resignation due to pre occupation
Anil Agarwal	November 29, 2010	NA	Appointed
Indermal Ramani	November 29, 2010	NA	Appointed
Gajraj Kothari	November 29, 2010	NA	Appointed
Praveen N Ramani	November 29, 2010	January 20, 2011	Resignation due to pre occupation
Saniya N Ramani	November 29, 2010	NA	Appointed
Ashok Porwal	November 29, 2010	NA	Appointed
Shiva Prakash C	November 29, 2010	NA	Appointed

Changes in the Auditors

There has been no change in the Statutory Auditor of our Company since inception and our company has appointed M/S F.N. Honnabindagi & Co, as peer review auditor w.e.f. December 6, 2010.

Capitalisation of Reserves or Profits

Except as stated in the section titled “Capital Structure” beginning on page 49 of this Draft Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

Our Company has not revalued its assets in the last five (5) years.

Servicing Behaviour

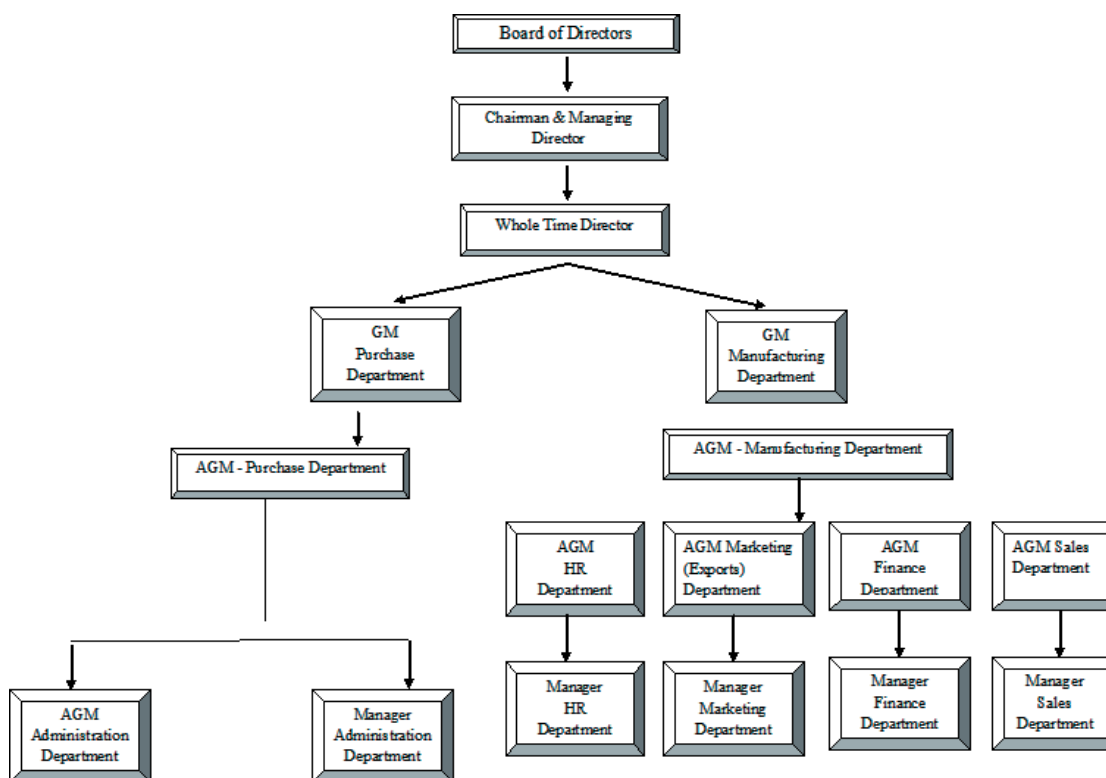
There has been no default in payment of statutory dues or of interest or principal in respect of the borrowings or deposits of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation. Except as disclosed in “Financial Statements” on page 138 of this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

Organisational Chart

Our Management organisation structure is set forth below:



Key Management Personnel

In addition to the whole time Directors, the details of the key managerial employees, as of the date of this Draft Red Herring Prospectus, are as follows:

Name, Age, Designation, Qualification	Date of Appointment	Remuneration Per Annum (Rs. in Lakhs)
Mr. K. N. Surya Prakash (Age : 47 years) Company Secretary and Compliance Officer CS, LLB	September 1, 2010	15.00
Mr. Anil Karumbaya (Age : 59 years) Marketing Head BA English, Bombay University	December 1, 2010	7.80
Mr. G.G. Vishnu Murthy (Age: 61 years) Chief Financial Officer B.Sc., CAIIB	January 1, 2011	9.00



Profile of Key Managerial Persons:

Mr. K.N.Surya Prakash

Mr. K.N.Surya Prakash is a Company Secretary and legal qualifications with more than 2 and half decades of experience in matters relating to Management, Corporate Affairs, Finance and Administration. He has an industry experience like Tektronix, Wipro, Airtel, Aztec Software, etc, carries with him a diversified professional experience in the areas of Management Issues, Strategy Planning, Financial Advisory Services, Promotion & Business Development, Drafting & Conveyance. He is the Company Secretary & Compliance officer of our Company.

Mr. Anil Karumbaya

Mr. Anil Karumbaya completed his B.A (Literature) from Bombay University. He has a total experience of 30 years in the areas of Marketing, Sales, Advertising, Public Relations. He has worked in two educational institutions in Bombay teaching English, History Sports and Mathematics. He was employed with the Times of India, Bombay for two years before moving down to South India. He headed the Training, Marketing and Operations of companies such as Bradma, BPL, Diners Club, Group 4 Securitas Cash Services, The Forum Mall, McDonalds, Times of India & C.Krishnaih Chetty & Sons. He was the President of “The Advertising Club” of Bengaluru in 1996. He is the Marketing head of our Company.

Mr. G.G. Vishnu Murthy

Mr. G.G. Vishnu Murthy has completed his B.Sc and CAIIB. He has 39 years of banking experience with State Bank of India and was the Chairman of Krishna Grameena bank, Gulbarga, A Regional Rural Bank, sponsored by State bank of India on deputation. He has handled multifarious tasks as a banker with rich and vast hands on experience in finance and allied activities.

Shareholding of the Key Management Personnel

None of the Key Management Personnel hold equity shares in our Company as on the date of this Draft Red Herring Prospectus.

Bonus or profit sharing plan of the Key Management Personnel

Currently, we do not have a performance-linked bonus or a profit sharing scheme for key management personnel. However, key management personnel are entitled to bonus payable annually. The key management personnel do not have any interest in our Company other than to the extent of the remuneration of benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of equity shares held by them, if any in our Company.

Arrangements and Understanding with Major Shareholders

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

Loans to the Key Management Personnel

As on date, there is no loan outstanding in the name of the Key Management Personnel.

Interests of the Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company 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.



Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name	Date of Appointment	Date of Resignation	Reason for Change
Mr. K. N. Suryprakash	December 1, 2010	NA	Appointed
Mr. Anil Karumbaya	December 1, 2010	NA	Appointed
Mr. G.G. Vishnu Murthy	January 1, 2011	NA	Appointed

Relation of Key Management Personnel and Directors

None of the Key Managerial Personnel are related to each other.

Employee Stock Option Schemes

Till date, our Company has not introduced any Employees Stock Option Scheme/ Employee Stock Purchase Scheme.

Payment or Benefit (Non-Salary Related) to officers of our Company

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to the Directors, officers or employees since the incorporation of our Company.

Contingent and Deferred Compensation

No contingent or deferred compensation has accrued in favour of our Key Managerial Personnel.

Retirement Benefits

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.


PROMOTERS AND GROUP COMPANIES

Promoters


Our Company is promoted by Mr. Lalith R Ramani, Ms. Vijaya L Ramani and Mr. Nitesh L Ramani

The details of the Promoters are as follows:


Mr. Lalith R Ramani

	Identification Particulars	Details
	Voter ID Number	N.A.
	Driving License Number	TN02 19780000632
	Passport No.	G4535694
	Date of Birth	March 2, 1960
	DIN	01743120
	PAN	AAOPL5166G
	Bank Name, Address and A/c No.	State Bank of India, Bengaluru City Branch, J.C. Road S.B. A/c No.:30055753139
Brief Profile: Mr. Lalith R Ramani, aged 51 years, is the Chairman and Managing Director of our Company. He is a graduate from Rajasthan University. He has more than 30 years of experience in the field of gems and Jewellery. Mr. Lalith spearheads the overall functioning of our Company. He brings with him a vast experience and knowledge of traditional as well as modern jewelry designs and crafts.		

Ms. Vijaya L Ramani

	Identification Particulars	Details
	Voter ID Number	N.A.
	Driving License Number	N.A.
	Passport No.	G3903776
	Date of Birth	September 9, 1963
	DIN	02691491
	PAN	ARUPR1588F
	Bank Name, Address and A/c No.	State Bank of India, Bengaluru City Branch, J.C. Road S.B. A/c No.:30055757112
Brief Profile: Ms. Vijaya L Ramani, aged 47 years, is the Executive Director of our Company. She takes care of the Administrative responsibilities for our Company. She holds 12 years of experience in jewellery business.		

Mr. Nitesh L Ramani

	Identification Particulars	Details
	Voter ID Number	N.A.
	Driving License Number	KA 23484/08-09
	Passport No.	G8039519
	Date of Birth	March 1, 1983
	DIN	01743220
	PAN	AJWPK3452F
	Bank Name, Address and A/c No.	State Bank of India, Bengaluru City Branch, J.C. Road S.B. A/c No.:30055757871
Brief Profile: Mr. Nitesh L Ramani, aged 27 years, is the Executive Director of our Company. He holds bachelor's degree in commerce from Bengaluru University. He holds 7 years of experience in		

jewellery business.

We confirm, that the Permanent Account Number, Bank Account Number and Passport Number of the Promoters will be submitted to BSE and NSE on which our securities are proposed to be listed, at the time of filing this Draft Red Herring Prospectus with such Stock Exchanges. Further, the Promoters have not been detained as a wilful defaulter by the Reserve Bank of India or any other Government Authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Declaration

Our Promoters, Promoter Group and Group Companies 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 or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, our Promoters have not been identified as a wilful defaulter by RBI or any other government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters.

Experience of the Promoters in the business of our Company

Our Promoters have an experience of over 18 years in our current lines of business. Our Promoters are further assisted by a team of qualified professionals to manage the operations of our Company.

Interest of Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company, their shareholding in our Company, dividend payable, other distributions in respect of the Equity Shares and to the extent of them being director and/or key managerial personnel of our Company. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/ member respectively.

Except as mentioned in the part titled “Related Party Disclosure” in the section Financial Statements beginning on page 138 in this Draft Red Herring Prospectus, we have not entered into any contract, agreements or arrangements in which our Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

Interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

The Promoters are not interested in any property that has been acquired by our Company within two years from the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Payment or benefit to Promoters of our Company

Except as stated in the section/parts titled “Our Management” and “Related Party Disclosure” in “Financial Statements” on page 113 and on page 155 of this Draft Red Herring Prospectus respectively, no benefits have been paid or given to the Promoters within the two years preceding the date of the Draft Red Herring Prospectus.

There is no bonus or profit sharing plans for our Promoters.

Common Pursuits

The promoters and directors do not have any interest in any venture that is involved in any activities similar to those conducted by our Company or any member of the promoter group. Our Company shall



adopt the necessary procedures and practices as permitted by law to address any conflict situations, as on when they may arise.

For further details on the related party transactions, to the extent of which our Company is involved, please refer to part titled “Related Party Disclosure” in “Financial Statements” on page 155.

Business Interest

None of the Group Companies has business interest in our Company.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Dividend Policy

The declaration and payment of dividends in future, if any, will be recommended by the Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. Till date we have not declared any dividend to our shareholders.

Group Companies referred to the BIFR/ under winding up / having negative net worth

None of our Group Companies has a negative net worth nor has not been referred to the BIFR or is winding up.

Sales or Purchase between companies in the Group Companies

There have been no sales or purchases between the Group Companies except as stated in the section titled “Related Party Disclosure” in “Financial Statements” beginning on page 155 of this Prospectus.

Relationship amongst Board of Directors and Key Managerial Personnel

None of our Directors are related to any of our Key Managerial Personnel named in this Draft Red Herring Prospectus.

Disassociation of the Promoters from other companies in the last three years:

Our Promoters have not disassociated themselves from any of the companies or firms during the three years preceding the date of the filing of this Draft Red Herring Prospectus.

Group Entities

The following natural persons, due to their relationship with our promoters, are part of our Promoter Group in terms of Regulation 2 (1) (zb) of SEBI ICDR Regulations.

Relatives of the Promoter that form part of the Promoters Group are as under:

In terms of Regulation 2(1) (za) and 2(1) (zb) of the SEBI ICDR Regulations, the following persons form a part of our Promoter Group.

Individuals related to our Promoters:

Promoter	Name of Relative	Relationship
Mr. Lalith R Ramani	Ms. Vijaya L Ramani	Wife
	Mr. Nitesh L Ramani	Son
	Late. Ratanchand Ramani	Father
	Late. Bhooribai Ramani	Mother
	Mr. Ramesh Ramani	Brother
	Mr. Vikram Ramani	Brother

	Ms. Vimala R Ramani	Brother's Wife
	Ms. Praveena V Ramani	Brother's Wife
	Mr. Sagalmai Jain	Wife's Father
	Ms. Valmibai Jain	Wife's Mother
	Ms. Chogibai	Mother's Mother
	Mr. Danmal Jain	Mother's Father
	Mr. Jawanmal Ramani	Father's Father
	Ms. Sumatibai	Father's Mother

Promoter	Name of Relative	Relationship
Ms. Vijaya L Ramani	Mr. Lalith R Ramani	Husband
	Mr. Sagalmai Jain	Father
	Ms. Valmibai Jain	Mother
	Mr. Nitesh L Ramani	Son
	Mr. Lalith Jain	Brother
	Mr. Rajesh Jain	Brother
	Sangeeta Jain	Brother's Wife
	Madhu Jain	Brother's Wife
	Chanchal Jain	Sister
	Ms. Valmibai Jain	Wife's Mother
	Mr. Sagalmai Jain	Wife's Father

Promoter	Name of Relative	Relationship
Mr. Nitesh L Ramani	Ms. Saniya N Ramani	Wife
	Mr. Lalith R Ramani	Father
	Ms. Vijaya L Ramani	Mother
	Mr. Neev Ramani	Son
	Ms. Nisha Satawat	Sister
	Ms. Nilu Ramani	Sister
	Ms. Neeta Jain	Wife's Mother
	Mr. Dilip Jain	Wife's Father

Companies, partnership firms, proprietary concerns, trusts, HUF's related to our Individual Promoters:

Nature of Relationship	Entity
Any body corporate in which 10% or more of the equity share capital is held by the Promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the Promoter or any one or more of his immediate relative is a member	> Ratanchand Mines and Minerals Pvt. Ltd > Lalith HUF
Any body corporate in which a body corporate as mentioned above holds 10% or more, of the equity share capital	Nil
Any HUF or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than 10%	Nil

Promoter Group

I. HUFs forming part of the Group Companies:

- Lalith HUF

Details of the entities promoted by the Promoters:

Hindu Undivided Families

- Lalith HUF is a Hindu undivided family, represented by its Karta Mr. Lalith R Ramani.



II. The Companies that are part of the Group Companies are as follows:

Ratanchand Mines and Minerals Pvt. Ltd

Corporate Information

Ratanchand Mines and Minerals Pvt. Ltd (RMMPL) was incorporated on January 17, 2008 as Ratanchand Mines and Minerals Private Limited with the Registrar of Companies Karnataka, Bengaluru. Its Corporate Identification Number is U10100KA2008PTC044985. Its registered office is situated at #68, T A P Arcade, 1st floor, CT Street, Bengaluru. The authorised capital of the Ratanchand Mines and Minerals Pvt. Ltd is Rs. 10 Lakhs and the paid-up capital of our Company is Rs. 1.00 Lakhs.

Business Activities

The company is engaged in the business of owing, exploring, buying, selling, manufacturing and dealing in all kinds of minerals.

Shareholding Pattern

The details of the shareholding pattern of Ratanchand Mines and Minerals Pvt. Ltd as on 25th January 2010 is as under: -

Sr. No.	Name of the shareholder	No. of equity shares
1.	Mr. Lalith Kumar Ramani	5,000
2.	Mr. Nitesh Kumar Ramani	5,000
TOTAL		10,000

Board of Directors

The Board of directors of **RMMPL** consists of:

Sl. No.	Name
1.	Mr. Lalith Kumar Ramani
2.	Mr. Nitesh Kumar Ramani

Financial Performance

(Rs. in Lakhs except share data)

Particulars	For the year ended	For the year ended
	March 31, 2010	March 31, 2009
Equity Share Capital	1.00	1.00
Reserves & Surplus	NIL	NIL
Profit After Tax	NIL	NIL
EPS (Rs.)	NIL	NIL
Book Value per Share (Rs.)	10/-	10/-
Networth	1.00	1.00

Sick companies

None of the Promoter Group Companies listed above has been declared as sick industrial unit within the meaning of clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 or have been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

None of the Promoter Group Companies listed above is in the process of winding up.

None of the Promoter Group Companies/ partnership firms listed above have made a public/ rights issue of their equity shares since inception.



None of the Promoter Group companies have a negative net worth. Further, no application has been made by any of them to RoC to strike off their names.



CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India.



DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including but not limited to the results of operations, earnings, capital requirements and surplus, overall financial condition, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of our Company.

We have not declared any dividend on the Equity Shares since inception.

Our dividend policy in the past is not necessarily indicative of our dividend policy or dividend amounts in the future.



SECTION VII- FINANCIAL STATEMENTS

FINANCIAL INFORMATION

AUDITORS' REPORT

Date: 29.01.2011

To,
Board of Directors
Ratanchand Jewellers Limited,
29, Golden Chambers,
Lalbagh Fort Road,
Near Minerva Circle,
Bangalore – 560004.

Dear Sirs,

We have examined the attached financial information of **Ratanchand Jewellers Limited**, (*'the Company'*) described below in A and annexed to this report and initialled by us for identification. The said standalone summary statement has been prepared in accordance with the requirements of paragraph B of Part II of Schedule II to the Companies Act, 1956 (*'the Act'*), read with the Securities and Exchange Board of India (*Issue of Capital and Disclosure Requirements*) Regulations, 2009, as amended. The financial information has been prepared by the Company and approved by the Board of Director of the Company.

The Company proposes to make an Initial Public Offering (IPO) for the fresh issue of Equity shares having the face value of Rs. 10/- each at a premium arrived through 100% book building process as may be decided by the Board of Directors and the terms of our engagement agreed upon with the company in accordance with our engagement letter dated 06/12/2010 in connection with the proposed IPO of equity shares of the company.

A) Financial Information as Per Audited financial Statements

- 1) We have examined the attached:
 - (a) Standalone restated statement of Assets and Liabilities of the company for the year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 9 months period ended December 31,2010 (*Annexure I*); Standalone restated statement of Profits and Losses of the company for the period ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 9 months period ended December 31, 2010 (*Annexure II*); Standalone restated statement of Cash Flow Statement of the company for the year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009 March 31, 2010 and 9 months period ended December 31, 2010 (*Annexure III*).
 - 2) We have considered the relevant financial statements in respect of the company which were audited by Hiremath & Co. Chartered Accountants for the Financial Years ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and for the 9 months period ended 31st December 2010 and re-audited for the Financial year ended March 31, 2010 and for the 9 months period ended 31st December 2010 by us i.e. F.N.Honnabindagi & Co., Chartered Accountants.
 - 3) Based on our examination of the above statements and the related Audit Reports and on the basis of the information and explanations given to us, we report that:

- a) The aforesaid statements have been extracted from the audited financial statements as stated in Para 2 above as approved by Board of Directors and adopted by the shareholders in those respective years and have been restated with retrospective effect to reflect the significant accounting policies and significant notes adopted by the Company as on March 31, 2010 and 9 months period ended 31st December 2010;
- b) Material amounts relating to adjustments for previous years have been identified and adjusted in arriving at the profits of the year to which they relate;
- c) The aforesaid statements have not been restated to effect necessary changes in exceptional items. Since there is no exceptional items separate disclosure is not required.
- d) The profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the respective years.

We confirm that our firm F.N.Honnabindagi & Co has been subject to **Peer Review** of Institute of Chartered Accountants of India (ICAI) and firm holds a Valid Certificate No.001079 and FRN 007301S dated 10/07/2007 issued by “Peer Review Board” of ICAI.

B) Other financial Information:

We have also examined the following other financial information for the Standalone Financial Statement set out in Annexure relating to the Company which is prepared by the management and approved by the Board of Directors.

Particular	Annexure
Statement of Debtors	1
Details of Loan and Advances	2
Statement of Secured Loans	3
Statement of Unsecured Loans	4
Statement of Operational Income	5
Statement of Other Income	6
Earning in Foreign Currency (FOB)	7
Expenditure in Foreign Currency	8
Statement of Investments & Deposits	9
Statement of Dividend	10
Statement for Earning per share	11
Key Accounting Ratios	12
Capitalization Statement	13
Statement of Tax Shelter	14
Transactions with Related Parties	15
Details of Contingent Liabilities	16

This Restated Financial Information is based on the Audited Financials which are approved by Board of Directors and Adopted by Members in these respective years.



In our opinion the Restated summary statement of Assets and Liabilities, Restated Summary of Profit and Loss Account and the financial information as stated above read along with the significant accounting policies and Notes as set out have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Act and the SEBI Regulation.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For F.N.Honnabindagi & Co
Chartered Accountants

(Honnabindagi F N)
Proprietor

Membership No.: 205041

ICAI Firm Registration No.:007301S

Peer Review No.RE 02318007

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Following are the significant accounting policies adopted by the company:

1. Preparation and presentation of financial statements:

a) Basis of Preparation:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP), the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provision of the companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

b) Use of Estimates:

The preparation of Financial Statement requires the management of the company to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year. Difference between the actual and estimates are recognized in the period in which the results are known/ materialized.

2. Fixed Assets:

- a) Fixed Assets are stated at the cost of acquisition including incidental costs related to acquisition, installation and all other costs including borrowing cost attributable to bringing the assets to commercial production are capitalized and shown at net of accumulated depreciation.
- b) An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- c) Fixed assets are stated at the cost of acquisition less accumulated depreciation. Direct costs are capitalized till the assets are ready to put into use.
- d) Depreciation on the Fixed Assets of the Company is provided on Written Down Value (WDV) at the rates and in the manner prescribed under schedule - XIV of the Companies Act, 1956.

3. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualification assets are capitalized as per the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

4. Investments:

- a) Long term Investments are carried at the cost and provisions is made to recognize any decline, other than temporary, in the value of such investment.
- b) Current investments are carried at the lower of cost and quoted/ fair value, computed category wise.

5. Revenue Recognition

The Company derives its revenues primarily from export of jewellery and Revenue is recognized normally on accrual basis and according to accounting standards as per AS-09 issued by Institute of Chartered Accountants of India.

6. Expenditure

Expenses are accounted on the accrual basis and provisions are made for all known expenditure and losses.

7. Retirement Benefits

Not Applicable. Since, none of the employees has crossed more than five years of service in the company.

8. Foreign Currency Transactions

- a) Transactions in foreign currencies are accounted for at exchange rate prevailing as on date of transaction.
- b) All assets and liabilities in foreign currencies existing at balance sheet date are translated at the rate of balance sheet date.
- c) Any Exchange difference on account of settlement of foreign currency transaction and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the Profit and Loss Account.

9 Income Tax

Provision for Income Tax is made for current taxes. Provision for current Income Tax is made at current tax rates based on assessable income.

Deferred taxes are recognized as follows.

- 1. The deferred tax in respect of timing differences which originate during the tax holiday period and reversed during the tax holiday period has not been recognised to the extent the gross total income of the enterprise is subject to such deductions.
- 2. The deferred tax in respect of timing differences which originate during the tax holiday period, but reverse after the tax holiday period was recognised in the year in which the timing differences originate subject to consideration of prudence.
- 3. Deferred tax assets are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

B. NOTES TO ACCOUNTS

1. Secured Loans

- a) Fund Based Limit Cash Credit facility of Rs. 5500 Lacs and Non Fund Based Limit Forward Credit Exposures of Rs.600 Lacs from State Bank India, Overseas Branch, Bangalore is secured primarily by first charge on entire current assets and fixed assets of

the company present and future and collaterally equitable mortgage of Land & Residential houses belonging to Directors and their relatives and friends.

- b) The company has borrowed vehicle loan from HDFC Bank. Loan outstanding to the extent of Rs 12.96 lacs as on 31st December 2010 against the security of vehicles and personal guarantee of directors.

2. Unsecured Loans:

The Company has obtained the unsecured loans from various banks and financial institutions and is regular in repaying the instalments and interest due thereon.

3. Sundry Debtors and Creditors are *subject to confirmation from the Parties.*

4. Quantitative details

The company is engaged in manufacturing of handmade and standard Jewellery. Quantitative details as required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

5. Earning in Foreign Currency

(Amounts in Rs. Lakhs)

Particulars	2009-10	2008-09
Income from Sale of Jewellery	16636.36	11663.90

6. Expenditure in Foreign Currency

(Amounts in Rs. Lakhs.)

Particulars	2009-10	2008-09
Capital Goods (CIF)	0.00	0.00
Travel & Others	0.00	0.00
TOTAL	0.00	0.00

7. Remuneration to Statutory Auditors

(Amounts in Rs. Lakhs.)

Particulars	2009-10	2008-09
Statutory Audit Fee	2.35	0.45
Tax Audit Fee	0.40	0.11
Other Expenses	0.00	0.11
Total	2.75	0.67

8. In the opinion of the Board of Directors, the Current Assets, Loans & Advances are expected to realize approximates the value stated in the accounts in the ordinary course of business, and provisions for all known liabilities have been adequately made in the accounts.

9. Managerial Remuneration:

(Amounts in Rs. Lakhs.)

Particulars	2009-10	2008-09
Basic	12.60	16.80
Perquisites	0.00	0.00
Total	12.60	16.80

10. Previous year figures have been regrouped and rearranged wherever necessary.
11. The Revenue Recognition (Sales) pertaining to the period October, November & December 2010 includes Sales to the extent of Rs.7955.82 Lacs. As per the management's information, though the sale has taken place, the price is subject to variation and the finalization of the amount is only at the Actual payment by the parties concerned. Hence as per AS 9, the revenue is recognized and since the price is subject to upward variation, no provisions have been made for the estimated Differential prices.

ANNEXURE I - STATEMENT OF ASSETS AND LIABILITIES
(Rs in Lakhs)

Particulars	March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
FIXED ASSETS						
Gross Block	41.38	37.81	38.01	68.17	73.82	716.23
Less: Depreciation	1.46	2.11	3.14	5.89	11.10	16.32
Net Block	39.91	35.70	34.87	62.28	62.72	699.91
Less: Revaluation	0.00	0.00	0.00	0.00	0.00	0.00
Net Block after adjustment for Revaluation Reserve	39.91	35.70	34.87	62.28	62.72	699.91
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
Total (A)	39.91	35.70	34.87	62.28	62.72	699.91
INVESTMENTS & DEPOSITS (B)	4.37	4.37	55.25	197.74	368.92	1.49
CURRENT ASSETS, LOANS AND ADVANCES						
Inventories	143.20	340.32	172.09	1.69	578.54	1138.45
Sundry Debtors	71.45	145.71	1364.01	2392.55	3543.76	7343.47
Cash and Bank Balances	4.20	0.10	8.00	1.58	126.48	672.76
Loans and Advances	3.08	23.93	92.22	135.11	293.54	357.50
Total (C)	221.94	510.06	1636.32	2530.93	4542.32	9512.18
LIABILITIES AND PROVISIONS						
Secured Loans	60.84	359.66	989.79	931.29	3068.10	6171.24
Unsecured Loans	22.09	25.34	63.16	212.35	253.67	10.49
Current Liabilities	39.54	2.59	36.48	632.18	30.34	24.07
Share Application Money	113.43	83.08	200.00	0.00	0.00	0.00
Provisions	19.34	31.67	73.24	152.54	138.59	146.58
Deferred Tax Liability	0.13	0.23	0.19	0.07	0.07	0.07
Total (D)	255.37	502.58	1362.87	1928.43	3490.77	6352.45
NET WORTH (A+B+C-D)	10.85	47.55	363.57	862.52	1483.20	3861.12
REPRESENTED BY :						
Share Capital (E)	1.00	1.00	239.09	249.09	498.17	1750.00
Total Reserves and Surplus	9.85	46.55	124.48	616.75	987.68	2138.58
Less: Revaluation Reserves	0.00	0.00	0.00	0.00	0.00	0.00
Net Reserves and Surplus (F)	9.85	46.55	124.48	616.75	987.68	2138.58
Miscellaneous Expenditure (G)	0.00	0.00	0.00	3.32	2.66	27.46
NET WORTH (E+F-G)	10.85	47.55	363.57	862.52	1483.20	3861.12

The Accompanying significant accounting policies and notes are integral part of the accounts.

Annexure II - STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs in Lakhs)

Particulars	March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
INCOME						
Receipts from Operations	502.36	2003.65	5250.29	11692.87	16636.36	21627.52
Increase / (Decrease) in Stock	-12.01	197.11	-168.23	-170.40	576.85	559.92
Other Income	0.09	1.36	34.95	362.69	23.77	41.24
Total	490.44	2202.12	5117.01	11885.16	17236.98	22228.68
EXPENDITURE						
Material, Stores & Operating Expenses	443.26	2011.05	4682.21	11080.59	15919.44	20003.21
Direct Expenses	9.66	43.74	151.93	118.27	18.30	29.83
Personnel Expenses	15.33	31.68	31.67	27.76	23.47	25.97
Administrative Expenses	5.25	12.95	15.85	30.05	385.99	88.61
Misc .and Deferred Revenue Exp. W/Off	0.00	0.00	0.00	0.00	0.66	0.00
Total	473.49	2099.42	4881.66	11256.67	16347.86	20147.62
Profit before Interest, Depreciation and Tax	16.94	102.70	235.35	628.49	889.13	2081.06
Depreciation	1.46	0.65	1.03	4.13	6.19	5.22
Profit before Interest and Tax	15.48	102.05	234.32	624.36	882.93	2075.83
Interest & Finance Charges	0.53	46.47	115.76	229.05	258.27	275.09
Loss on sale of Investment/Assets	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit Before Tax	14.95	55.58	118.56	395.31	624.66	1800.74
Provision for Taxes						
Current Tax	4.91	18.71	40.44	92.70	4.76	1.06
Fringe Benefit Tax	0.06	0.07	0.23	0.47	0.00	0.00
Deferred Tax	0.13	0.10	-0.04	-0.13	0.00	0.00
Net Profit After Tax	9.85	36.70	77.93	302.27	619.91	1799.68
Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Prior Period Items	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after tax after adjusting prior period item	9.85	36.70	77.93	302.27	619.91	1799.68
Profit and Loss Account at the beginning of the year	0.00	9.85	46.55	124.48	367.77	987.68
Balance Carried to Balance Sheet	9.85	46.55	124.48	426.75	987.68	2787.36

The Accompanying significant accounting policies and notes are integral part of the accounts.

Annexure III - CASH FLOW STATEMENT

(Rs in Lakhs)

Particulars	March 31, 2006	March 31, 2007	March 31,2008	March 31,2009	March 31,2010	Nine months December 31,2010
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit Before Tax & Extraordinary Items	14.95	55.58	118.53	395.31	624.66	1800.74
Adjustments for :						
Depreciation	1.46	0.65	1.03	4.13	6.19	5.22
Other Income	-0.09	-1.36	-34.95	-362.69	-23.77	-41.24
Interest Expenses	0.53	46.47	115.76	229.05	258.27	275.09
Loss / (Profit) on sale Assets	0.00	0.00	0.00	-1.39	0.00	0.00
Loss / (Profit) on sale of Shares	0.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous expenses written off	0.00	0.00	0.00	0.00	0.66	0.00
Operating Profit before working capital Changes	16.85	101.34	200.37	264.41	866.01	2039.81
Inventories	-143.20	-197.11	168.23	170.40	-576.85	-559.92
Trade & Other Receivables	-74.53	-95.11	1286.59	1071.43	-1309.64	-3863.67
Trade Payable & Other Liabilities	59.02	-24.52	75.45	674.87	-615.79	1.72
Cash generated from operations	-141.86	-215.40	-842.54	38.26	-1636.27	-2382.06
Income Tax paid	-5.10	-18.88	-40.63	-93.04	-4.76	-1.06
Cash Flow Before Extraordinary Items	-146.96	-234.28	-883.17	-54.78	-1641.03	-2383.12
Extraordinary Items (Prior year adjustment)	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash from Operating Activities (A)	-146.96	-234.28	-883.17	-54.78	-1641.03	-2383.12
CASH FLOW FROM INVESTING ACTIVITIES						
Capital Work in progress	0.00	0.00	0.00	0.00	0.00	0.00
purchase of fixed assets (net)	-41.38	3.57	-0.20	-30.16	-6.51	-642.41
Sale / (Purchase of Investment)/Deposits	-4.37	0	-50.88	-142.49	-171.18	367.43
Profit on sale of Shares	0.00	0.00	0.00	0.00	0.00	0.00
Other Income	0.09	1.36	34.95	362.69	23.77	41.24
deferred revenue expenditure	0.00	0.00	0.00	-3.32	0.00	-24.8
Net Cash used for Investing Activities (B)	-45.66	4.93	-16.13	186.72	-153.92	-258.54
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from Issue of Share Capital/Share Premium	1.00	0.00	238.09	200.00	0.00	603.05
Proceeds/(Refund) of Share Application Money	113.43	-30.34	116.92	-200.00	0.00	0.00
Net Proceeds/Repayments of loans/term Loans	82.93	302.07	667.95	90.69	2178.13	2859.96
Dividend Including dividend tax	0.00	0.00	0.00	0.00	0.00	0.00
(Increase)/Decrease in Miscellaneous Exp.	0.00	0.00	0.00	0.00	0.00	0.00
Interest Paid	-0.53	-46.47	-115.76	-229.05	-258.27	-275.09
Net Cash from Financing Activities (C)	196.83	225.25	907.20	-138.36	1919.86	3187.92
Net Increase in cash and cash equivalents(A+B+C)	4.20	-4.10	7.90	-6.42	124.91	546.26
Cash and cash equivalents at beginning of the year	0.00	4.20	0.10	8.00	1.58	126.49
Cash and cash equivalents at the end of the Year	4.20	0.10	8.00	1.58	126.49	672.76

STANDALONE SCHEDULE FOR: SUNDRY DEBTORS

SCHEDULE (1)

(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
a) From Promoters Group						
More than Six months	0.00	0.00	0.00	0.00	0.00	0.00
Less than six months	0.00	0.00	0.00	0.00	0.00	0.00
Total (a)	0.00	0.00	0.00	0.00	0.00	0.00
b) Other than Promoter Group						
More than Six months	0.00	04.26	0.67	0.79	0.00	0.00
Less than six months	71.45	141.45	1363.34	2391.76	3543.76	7343.47
Total (b)	71.45	145.71	1364.01	2392.55	3543.76	7343.47
Total (a) + (b)	71.45	145.71	1364.01	2392.55	3543.76	7343.47

STANDALONE SCHEDULES FOR: LOANS AND ADVANCES

SCHEDULE (2)

(Amount in Rs. Lakhs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended 31-12-2010
	2006	2007	2008	2009	2010	
Advances recoverable in cash or kind	3.08	23.93	92.22	125.01	156.51	216.43
Promoters	0.00	0.00	0.00	0.00	0.00	0.00
Directors/Group companies	0.00	0.00	0.00	0.00	0.00	0.00
Vendors & other Advances	0.00	0.00	0.00	10.10	137.03	141.07
Govt. Deposits	0.00	00.00	00.00	00.00	00.00	00.00
TOTAL	3.08	23.93	92.22	135.11	293.54	357.50

STANDALONE SCHEDULE FOR: SECURED LOANS
SCHEDULE (3)
(Amount in Rs. Lakhs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	31-12-2010
a) Term Loan						
HDFC (Car Loan)	3.31	0.00	0.00	8.64	8.93	12.96
b) Cash Credits						
SBI	57.53	359.66	989.79	0.00	3059.17	6158.28
ICICI Bank	0.00	0.00	0.00	922.64	0.00	0.00
TOTAL	60.84	359.66	989.79	931.28	3068.10	6171.24

STANDALONE SCHEDULES FOR: UNSECURED LOANS
SCHEDULE (4)
(Amount in Rs. Lakhs, except EPS and share price data)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	31-12-2010
Directors	0.00	0.00	0.00	0.00	150.61	0.00
Relatives	22.09	25.34	63.16	109.43	61.13	0.00
Others						
ABN Amro Bank	0.00	0.00	0.00	23.43	16.35	10.02
Bajaj Auto finance Ltd	0.00	0.00	0.00	19.46	6.78	0.46
Reliance Capital Ltd	0.00	0.00	0.00	14.28	4.43	0.00
Kotak Mahindra Bank Ltd	0.00	0.00	0.00	17.07	3.76	0.00
Future Money	0.00	0.00	0.00	5.93	0.00	0.00
Barclays Bank	0.00	0.00	0.00	22.41	10.61	0.00
American Express Credit Card	0.00	0.00	0.00	0.35	0.00	0.00
TOTAL	22.09	25.34	63.16	212.35	253.67	10.49

Details for Unsecured Loan as on December 31, 2010
(Amount in Rs. Lakhs, except EPS and share price data)

Sl.NO.	Name of Lender	Principal Outstanding as on December 31, 2010	Rate of Interest (%)	Repayment Schedules (EMI)
1	ABN Amro Bank	10.02	20%	0.75
2	Bajaj Auto finance Ltd	0.46	21%	0.89

STANDALONE SCHEDULE FOR: OPERATIONAL INCOME
SCHEDULE (5)
(Amount in Rs. Lakhs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31					For the period ended
	2006	2007	2008	2009	2010	31-12-2010
Income From Sale of Jewellery						
Domestic	502.36	2003.65	2073.19	28.97	0.00	0.00
Export	0.00	0.00	3177.10	11663.90	16636.36	21627.52
TOTAL	502.36	2003.65	5250.29	11692.87	16636.36	21627.52

STANDALONE SCHEDULE FOR: OTHER INCOME
SCHEDULE (6)
(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on
	2006	2007	2008	2009	2010	31.12.2010
Foreign Exchange Fluctuation	0.00	0.00	0.93	314.31	0.00	0.00
Interest on FDR	0.00	0.00	1.14	11.95	15.39	23.54
Job work Charges Received	0.00	0.00	32.88	0.00	0.00	0.00
Insurance & Freight Charges	0.09	1.36	0.00	0.77	0.87	8.06
Income from Trade Settlement	0.00	0.00	0.00	35.66	0.00	0.00
Interest on Trade Settlement	0.00	0.00	0.00	0.00	7.51	0.00
Forward Currency Gain	0.00	0.00	0.00	0.00	0.00	2.92
ECGC Insurance	0.00	0.00	0.00	0.00	0.00	6.72
TOTAL	0.09	1.36	34.95	362.69	23.77	41.24

Note: All the Income that forms the part of "Other Income" which is of non-recurring nature.

SCHEDULE FOR THE EARNING IN FOREIGN CURRENCY (FOB)
SCHEDULE (7)
(Amount in Rs. Lakhs)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Income from Sale of Jewellery	0.00	0.00	3177.10	11663.90	16636.36	21627.52
TOTAL	0.00	0.00	3177.10	11663.90	16636.36	21627.52

STANDALONE SCHEDULE FOR: EXPENDITURE IN FOREIGN CURRENCY
SCHEDULE (8)
(Amount in Rs. Lakhs)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Capital Goods (CIF)	0.00	0.00	0.00	0.00	0.00	0.00
Cost of Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Travel & Others	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00

STANDALONE SCHEDULE FOR: INVESTMENTS & DEPOSITS
SCHEDULE (9)
(Amount in Rs. Lakhs)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Shop Deposits	4.00	4.00	4.00	4.00	0.00	0.00
NSC	0.15	0.15	0.15	0.15	0.15	0.15
Telephone Deposits	0.075	0.075	0.075	0.075	0.075	0.075
Reliance Deposits	0.146	0.146	0.146	0.146	0.146	0.146
EOU Factory Electricity Deposits	0.00	0.00	0.00	1.12	1.12	1.12
Room Deposits	0.00	0.00	0.00	0.90	0.00	0.00
Term Deposits	0.00	0.00	50.88	191.35	367.43	0.00
Total	4.37	4.37	55.25	197.74	368.92	1.49

STANDALONE SCHEDULE FOR DIVIDEND
SCHEDULE (10)
(Amount in Rupees)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Face Value of Equity Shares	Rs 10	Rs 10	Rs 10	Rs 10	Rs 10	Rs 10
Rate of Dividend ^	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

^ Our Company has not paid any dividend in the past 5 years

STANDALONE SCHEDULE FOR: EARNING PER SHARE (EPS)
SCHEDULE (11)
(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Net profit after Tax as per profit and Loss A/c	9.85	36.70	77.93	302.27	619.91	1799.68
Weighted Average numbers of Equity Shares outstanding						
Basic -	10000	10000	127092	2394158	3862555	7363784
Diluted -	10000	10000	127092	2394158	3862555	7363784
Basic Earning per shares (In Rs.)	98.50	367.00	61.32	12.63	16.05	24.44
Diluted Earnings per shares (In Rs.)	98.50	367.00	61.32	12.63	16.05	24.44
Face Value Per Equity Shares	10	10	10	10	10	10

STANDALONE SCHEDULE FOR: KEY ACCOUNTING RATIOS

SCHEDULE (12)

(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Net worth	10.85	47.55	363.57	862.52	1483.20	3861.12
Restated Profit after Tax	9.85	36.70	77.93	302.27	619.91	1799.68
Return on Net Worth (%)	90.78%	77.18%	21.43%	35.04%	41.80%	46.61%
Basic Earning per shares (In Rs.)	98.50	367.00	61.32	12.63	16.05	24.44
Diluted Earnings per shares (In Rs.)	98.50	367.00	61.32	12.63	16.05	24.44
Number of Equity Shares Outstanding at the end of year	10000	10000	2390470	2490870	4981740	17500000
Net Assets Value per Shares	108.50	475.50	15.21	34.63	29.77	22.06
Total Debt/Equity Ratio	7.64	8.10	2.90	1.33	2.24	1.59

- Earnings Per Share (Rs.): Net Profit restated, attributable to equity shareholders
Weighted average number of equity shares outstanding during the year
- Return on Net Worth (%): Net Profit after Tax, as restated
Net Worth at the end of the year
- Net Assets Value per Equity share (Rs.): Net worth as at the end of the year
Number of equity shares at the end of the year
- Total Debt/Equity Ratio: Long term Debt + Short Term debt
Equity Share Capital + Reserves and Surplus
(Excluding Revaluation of Reserves)
- Net worth = Equity Share Capital + Reserves and Surplus (Excluding Revaluation of Reserves) – Miscellaneous expenditure to the extent not written off

STANDALONE SCHEDULE FOR: CAPITALIZATION

SCHEDULE (13)

(Amount in Rs. Lakhs, except EPS and share price data)

PARTICULARS	Pre Issue	Pre Issue	Post Issue
	As at 31- Mar-10	Period Ended 31 st December 10	
Short Term Debt	3289.71	6085.25	**
Long Term Debt	32.06	96.48	**
Total Debt	3321.77	6181.73	**
Shareholder's Funds			
Share Capital	498.17	1750.00	**
Reserves & Surplus	987.68	2138.58	**
Total Shareholder's Fund	1485.85	3888.58	**
Total Debt/Equity Ratio	2.24	1.59	N.A
Long Term Debt / Shareholders Funds Ratio	0.022	0.025	N.A

** will be incorporated at the time of filing of Prospectus

STANDALONE SCHEDULE FOR: STATEMENT OF TAX SHELTER

SCHEDULE (14)

(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Tax Rate (including surcharge)	33.66%	33.66%	33.99%	33.99%	33.99%	33.99%
Net profit/(loss) before tax	14.95	55.58	118.53	395.31	624.66	1800.74
Tax at notional rates (A)	4.91	18.62	40.32	134.49	212.73	611.44
Book Depreciation	1.46	0.65	1.03	4.13	6.19	5.22
Tax Depreciation	1.82	0.92	0.91	3.76	4.99	7.09
Difference between tax and book depreciation (B)	-0.36	-0.27	0.12	0.37	1.20	-1.87
Benefit under section 10B/10A/10AA (C)	0.00	0.00	0.00	122.95	624.05	1797.31
Taxes payable (D)	4.91	18.62	40.32	92.70	1.74	1.06
Current Tax	4.91	18.62	40.32	92.70	1.74	1.06
Minimum Alternate Tax	0.00	0.00	0.00	0.00	0.00	0.00
US Corporation Tax	0.00	0.00	0.00	0.00	0.00	0.00
Fringe Benefit Tax	0.06	0.07	0.23	0.47	0.00	0.00
Taxable Profit (E)	0.00	0.00	0.00	122.95	624.05	1797.31
Tax Savings thereon (F= E*Tax rate)	0.00	0.00	0.00	41.79	212.11	610.91



STANDALONE SCHEDULES FOR: RELATED PARTY DISCLOSURE

SCHEDULE (15)

A. TYPE OF RELATED PARTY

TYPE OF PARTY	NATURE OF RELATIONSHIP
Lalith R Ramani	Managing director
Nitesh L Ramani	Whole Time Director
Ramesh Ramani	Director
Vimala R Ramani	Director
Vijaya L Ramani	Director
Ratan Jewellers	Wholly Owned Proprietary Concern
Ratanchand Mines & Minerals Private Limited	Group Company

The company had purchased the wholly owned Proprietary Concern—Ratan Jewellers, Bangalore on 09.08.2005 for Rs.37.58 Lacs.

B. DETAILS OF RELATED PARTY TRANSACTIONS

For nine month ended on 31.12.2010

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Lalith R Ramani	Managing Director	Directors Remuneration & Perquisites	4.50	0.00
Nitesh L Ramani	Whole Time Director	Directors Remuneration & Perquisites	4.50	0.00
Vijaya L Ramani	Director	Directors Remuneration & Perquisites	2.70	0.00

For 2009-10

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Lalith R Ramani	Managing Director	Directors Remuneration & Perquisites	6.00	0.00
Nitesh L Ramani	Whole Time Director	Directors Remuneration & Perquisites	3.60	0.00
Vijaya L Ramani	Director	Directors Remuneration & Perquisites	3.00	0.00

For 2008-09

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Lalith R Ramani	Managing Director	Directors Remuneration & Perquisites	6.00	0.00
Nitesh L Ramani	Whole Time Director	Directors Remuneration & Perquisites	5.40	0.00
Vijaya L Ramani	Director	Directors Remuneration & Perquisites	5.40	0.00

For 2007-08

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Lalith R Ramani	Managing Director	Directors Remuneration & Perquisites	6.00	0.00
Nitesh L Ramani	Whole Time Director	Directors Remuneration & Perquisites	5.40	0.00

Vijaya L Ramani	Director	Directors Remuneration & Perquisites	5.40	0.00
Ratanchand Mines & Minerals Private Limited - Bangalore	Group Company	Short Term Loan	22.50	22.50
Ramesh Kumar Ramani	Director	Director Remuneration & Perquisites	2.70	0.00
Vimala R Ramani	Director	Director Remuneration & Perquisites	2.70	0.00

For 2006-07

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Lalith R Ramani	Managing Director	Directors Remuneration & Perquisites	6.00	0.00
Nitesh L Ramani	Whole Time Director	Directors Remuneration & Perquisites	5.40	0.00
Vijaya L Ramani	Director	Directors Remuneration & Perquisites	5.40	0.00
Vimala R Ramani	Director	Directors Remuneration & Perquisites	5.40	0.00
Ramesh Kumar Ramani	Director	Director Remuneration & Perquisites	2.25	0.00

For 2005-06

Name of Related Party	Type of Relation	Nature of Transaction	Amount (Rs. Lacs)	
			Volume of the Transactions	Outstanding
Ratan Jewellers	Proprietary	Business Acquisition	37.58	0.00

Note 1: Above disclosures are made in accordance with Accounting Standard (AS) 18 "Related Parties" prescribed by the Companies (Accounting Standards) Rules, 2006

STANDALONE SCHEDULE FOR: CONTINGENT LIABILITY SCHEDULE (16)

There is no Contingent Liability as per the records and books of accounts and notes to the accounts for any of the last five financial years and for the period ended on 31st December, 2010.

STANDALONE SCHEDULE FOR: RESTATEMENT OF ACCOUNTS

(Amount in Rs. Lakhs, except EPS and share price data)

PATICULARS	YEAR ENDED ON MARCH 31					For period ended on 31.12.2010
	2006	2007	2008	2009	2010	
Balance carried to balance sheet as per the restated financial statement(A)	9.85	46.55	124.48	426.75	987.68	2787.36
Balance carried to balance sheet as per the audited financial statement(B)	9.85	46.55	124.48	426.75	987.68	2787.36
Increase/(Decrease) (A-B)	0.00	0.00	0.00	0.00	0.00	0.00

FINANCIAL INDEBTEDNESS

Our Company is enjoying various credit facilities as sanctioned by Banks and Financial Institutions for conducting our business operations.

Details of Secured Borrowings of our Company

- Set forth below is a brief summary of our Company's Secured Borrowings from State Bank of India (SBI), Overseas Branch, Bengaluru vide letter no OSB/RM2/676 dated September 6, 2010 with a brief description of certain significant terms of such financing arrangements:

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Total FB + Non FB 6,100 Lakhs
ii	Limit/Amount	Forward Contract 600.00 Lakhs
iii	Purpose	Working Capital
iv	Rate of Interest- EPC FBD <ul style="list-style-type: none"> Upto 90 days from the date of shipment. Beyond 90 days and upto 6 months from the date of shipment Interest on metal gold loan 	Upto 180 days-1.50% above base rate, present effective rate 9.00% p.a. Beyond 180 days and 270 days-1.50% present effective rate 9.00%. <ul style="list-style-type: none"> 1.50% above base rate present effective rate 9.00% p.a 1.50% above base rate present effective rate 9.00% p.a. At the applicable card rate, present effective rate 6.50%.
v	Processing fee/upfront fee	Rs. 400 per lakh, with a maximum of Rs.20.00 lakh.
vi	Margin	EPC/FBD-Stocks (RM, SIP, & FG) (Domestic) 25% Book debts 25% BG(Sub limit to EPC) 10% MGL(sub limit to EPC) 10%
vii	Primary Security:	Hypothecation of Raw material, Stock in process, Finished goods and receivables.
viii	Collateral Security:	<ul style="list-style-type: none"> EPC/METAL GOLD LOAN & BG <ol style="list-style-type: none"> 1)EM on residential apartment, flat # 001, ground floor, "Sanskriti castle" at No.10, KR Road, Near Basavangudi post office, Bengaluru. 2)EM on residential apartment, Flat No 3/5, 2nd floor, "Mandoth Residency" at No.3, KR Road, Near Basavangudi post office, Bengaluru. 3)EM on residential apartment, Flat No.002, ground floor, "Sanskriti Castle" at No. 10, KR Road, Near Basavangudi post office, Bengaluru 4) EM on commercial building no.29, Lalbagh fort road, near Minerva circle, Bengaluru-560004. 5) EM on residential vacant converted Land, sy no 48/1 & 48/2 at Planajogihalli, Dodadaballapur Taluk, Bengaluru. 6) EM on "commercial converted project land" housed in Magnolia Lasya Layout bearing sy.39/1 situated at Beemenahalli Village, Bidadi Hubli, Ramanagara Taluk, Bengaluru. 7) First charge on the other fixed assets of our Company.
ix	Guarantee	<ul style="list-style-type: none"> Mr.Lalith R Ramani Mr.Nitesh L Ramani Ms.Vijaya L.Ramani Mr.Ramesh R Ramani Ms.Vimala R Ramani Mr. N Ramesh

2. Set forth below is a brief summary of vehicle loan of Rs. 3.81 Lakhs taken from HDFC Bank

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Loan of Rs 3.81 Lacs
ii	Purpose	Auto loan
iii	Rate of Interest- EPC	14.81 %
iv	Primary Security:	NA
v	Collateral Security:	NA
vi	Tenure	36 months
vii	Guarantee	Mr. N. Ramesh residing at No. 64/2, Gurumurthappa Garden, Sarakki Main, Road, 1st Phase, J.P. Nagar, Bangalore.

3. Set forth below is a brief summary of vehicle loan of Rs. 7.88 Lakhs taken from HDFC Bank

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Loan of Rs 7.88 Lacs
ii	Purpose	Auto loan
iii	Rate of Interest	18.8 %
iv	Primary Security:	NA
v	Collateral Security:	NA
vi	Tenure	36 months
vii	Guarantee	Mr. N. Ramesh residing at No. 64/2, Gurumurthappa Garden, Sarakki Main, Road, 1st Phase, J.P. Nagar, Bangalore.

4. Set forth below is a brief summary of vehicle loan of Rs. 10.80 Lakhs taken from HDFC Bank

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Loan of Rs 10.80 Lacs
ii	Purpose	Auto loan
iii	Rate of Interest	18.8 %
iv	Primary Security:	NA
v	Collateral Security:	NA
vi	Tenure	36 months
vii	Guarantee	Mr. N. Ramesh residing at No. 64/2, Gurumurthappa Garden, Sarakki Main, Road, 1st Phase, J.P. Nagar, Bangalore.

5. Set forth below is a brief summary of additional working Capital for 2011-12 of Rs. 2,500 Lakhs is funded thru ICICI Bank, Bengaluru, vide letter no: CAL No: /01/W36BLR/29884 dated 2.12.2010, brief description of certain significant terms of such financing arrangements:

S. No.	Particulars	Terms and Condition
i	Fund Based Facility	Cash credit Rs 1,000 Lakhs
ii	Purpose	Working Capital
iii	Rate of Interest- EPC	I-Base + 3.50% p.a., As on date the I-base is 7.75 and spread is 3.50 @ I-Base + 3.50% = 11.25 %
iv	Primary Security:	Exclusive charge by way of equitable mortgage on the commercial property located at 2nd Main road, Sadashivanagar, Bangalore owned by Mr. N. Ramesh. Equitable Mortgage of the properties No. 1-9 of the security template to be done before first disbursement. A time limit of 45 days from the date of first disbursement will be available for equitable mortgage on property No. 10 of the security template.

v	Collateral Security:	The aggregate value of the collateral is 105.0 million. Our company to provide an undertaking that the working capital limits will be jewellery only utilized for the purpose and not for the purpose of bullion of purchase of bullion trading. The same to be obtained prior for conversion to to disbursement.
vi	Guarantee	Mr. N. Ramesh residing at No. 64/2, Gurumurthappa Garden, Sarakki Main, Road, 1st Phase, J.P. Nagar, Bangalore.

Additional conditions:

Events of default as detailed below and their covenants

Non submission or delayed submission of stock statement	From due date of submission till the date of submission calculated on fund based out standings	For the first 15 days of delay : nil Delay > 15 days : 2%
Non submission of delayed submission of financial statements/renewal data	From the due date of submission till the date of submission, calculated on the fund based out standings	Nil
Irregular due to drawing beyond DP/ limit	a. Excess drawings : Over drawing power but within sanctioned limit	6% over documented rate
	b. Excess over limit	6% over documented rate
	c. Continuously irregular for more than 180 days under a) or b) above	Over documented rate

Note: Although ICICI Bank has sanctioned the additional working capital facilities for 2011-12 of Rs.2,500 Lakhs, our Company is yet to avail the same.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our Group's financial condition and results of operations together with our restated financial statements included in the Draft Red Herring Prospectus. You should also read "Risk Factors" on page 12 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion relates to our Group and is based on our Group's restated financial statements, which have been prepared in terms of the requirements of Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 and SEBI Regulations. The following discussion is also based on internally prepared statistical information and on publicly available information. Our Group's fiscal year ends on March 31, so all references to a particular fiscal year of our Company are to the 12-month period ended March 31.

Unless indicated otherwise, the following discussion of our financial condition and results of operations is based on the financial statements of our Company and its Group Company for Financial Year 2010 and 2009, prepared in accordance with the Provisions of Companies Act and Indian GAAP and is stated in accordance with the SEBI Regulations, including annexure, schedules, and notes thereto and the report thereon. Following is the management discussion of our Company's financial statements for financial year 2010, 2009, 2008, 2007 and 2006 prepared in accordance with the Provisions of Companies Act and Indian GAAP and stated in accordance with the SEBI Regulations, including annexure, schedules and notes thereto and the report thereon.

Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information, is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI Regulations.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. In this section, unless the context otherwise requires, a reference to "our Company" is a reference to Ratanchand Jewellers Limited, and a reference to "we", "us" and "our" refers to Ratanchand Jewellers Limited and its Group Company.

OVERVIEW

We are engaged in the business of manufacture and export of handmade gold jewellery. Our products include handmade and machine made, plain gold and gold enamelled jewellery and gold jewellery studded with precious and semi precious stones such as rubies, emeralds, pearls, etc. and semi-precious stones such as garnet, cubic zirconium, etc. Our portfolio includes rings, earrings, pendants, bracelets, necklaces and bangles. We are ISO 9001:2008 certified and have been awarded the "Export Appreciation Award" for FY 2008, FY 2009 and "Export Excellence Award" for FY 2010 by the Jewellery Association, Bengaluru. We conduct our business under the brand "Ratanchand Jewellers".

We have two manufacturing units, spread over an area of 10,000 square feet, both of which are located in Bengaluru, Karnataka. Both these units are operated as 100% export oriented units (EoUs). During the nine months period ending December 31, 2010 and Fiscal 2010 and Fiscal 2009, we have achieved an aggregate production of 1151.06 Kgs, 1056.29 Kgs and 879.31 Kgs of jewellery, respectively.

For Fiscal 2009 and 2010, all the products manufactured by us were exported to Dubai and we have recorded a consistent and steady growth in our exports. Our Company's export income has grown at a CAGR of 128% from Fiscal 2008 to Fiscal 2010. For the Nine months period ended 31.12.2010 and Fiscal 2010 and 2009, our income from exports constitutes 99.81%, 99.86% and 99.75% of our total income, respectively.

We propose to establish a unit at Rajiv Gems Park, Andhra Pradesh, which is a SEZ, for the manufacture of our products. We intend to set up 12 retail stores in Karnataka for marketing of our products in the domestic market. We also propose to set up a brand office in Dubai for undertaking business operations. For further information, please see "Objects of the Issue" on page 63 of this Draft



Red Herring Prospectus.

For Fiscal 2009, 2010 and for the Nine months period ended December 31, 2010, our total income was Rs. 11,692.87 Lakhs, Rs. 16,636.36 Lakhs and Rs. 21,627.52 Lakhs respectively. For Fiscal 2009, 2010 and the nine months period ended December 31, 2010, our net profit was Rs. 302.27 Lakhs, Rs. 619.91 Lakhs and Rs. 1,799.68 Lakhs, respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Global economic conditions and consumer spending on luxury products in our key markets

Our business is dependent on general economic conditions prevailing in India and in the countries where we export. Growth rates of the economy and disposable income levels of consumers are one of the determinants of demand in the jewellery industry. Our Major export is to UAE. We are looking to mitigate this risk of economic slowdown by spreading the geographical reach thereby broadening the export client base. Other factors which can affect the level of consumer confidence and spending in the overall jewellery market include inflation, deflation, and political uncertainty, availability of consumer credit, taxation, stock market performance and unemployment. In order to mitigate this risk, we entered the Indian jewellery retail market. We believe that Indian being one of the growing economies will contribute to higher amount of consumer spending for jewellery.

Competition

We operate in highly fragmented unorganized and highly competitive industry. We may in the future experience increased competition from, existing players or new entrants in the jewellery industry. Thus, our sales are dependent on the competitors' prices, designs, quality, delivery schedule and order given to them. Competition with an exporter from outside India will essentially depend on certain factors such as the costs of raw materials, manufacturing cost and economical environment of that country. The overall luxury purchase market is highly competitive with respect to quality, price, satisfaction, convenience and concept. A gradual shift in consumer's attitude towards jewellery products would impact our sales. We also compete with other businesses for management, employees and suitable store locations. Ability to secure suitable management, employees and suitable store locations can affect our business.

Relationship with existing major customers and export revenues

Although we export to a large number of customers across various markets, we are highly dependent on top Nine customers for our exports. For Financial Year 2010, these customers have accounted approximately 99% of our total income from sales, respectively. Our relationship with our customers is built on our successful execution of our past assignments. Historically, we have high customer retention and derive significant proportion of our revenue from repeat business. Significant reliance on these and other major customers may result in certain pricing pressures. In order to mitigate risk in relation to excessive reliance on our customers, we tend to maintain wide spread of our region-cum-customer wise sales. However, any loss or significant decrease in the volume of business from one or more of our significant customers would have an adverse effect on our sales. Further, the income from these customers may vary from year to year, which poses a challenge to forecast our customers' future business demands.

Factors that may affect Results of Operations

Except as otherwise stated in this Draft Red Herring Prospectus, the risk factors given in this Draft Red Herring Prospectus and the following important factors could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Factors affecting Jewellery Industry or industrial development activity;
- Increasing competition in the industry;

- Increases in professional employees costs, software license, insurance premium, etc;
- Amount that our Company is able to realize from the clients;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India and other countries where we operates;
- Social or civil unrest or hostilities with neighbouring countries or acts of international terrorism;
- Any change in Foreign Currency may adversely affect the revenue of our company.

AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN BELOW

1. Unusual or infrequent events or transactions

There have been no events or material transactions to our knowledge, which may be described as “unusual” or “infrequent”.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Any major changes in the policies of the Government towards Jewellery Industry would have a significant impact on the operations of our Company. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the section titled “Risk Factors” on page 12 of this Draft Red Herring Prospectus.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “Risk Factors” on page 12 of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

4. Future relationship between Costs and Income

Other than as described in the section entitled “Risk Factors” on page 12 of this Draft Red Herring Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Changes in revenues during the last three fiscal years are explained in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the subsections “Comparison of the financial performance of FY 2010 with FY 2009”, “Comparison of the financial performance of FY 2009 with FY 2008 ” and “Comparison of the financial performance of FY 2008 with FY 2007 ”.

6. Total turnover of each major industry segment in which the issuer company operates.

Our Company is operating only in one industry, i.e. Jewellery Industry. Relevant industry data, as available, has been included in the chapter titled “Industry Overview” beginning on page 83 of this Draft Red Herring Prospectus.



7. Status of any publicly announced new products or business segment.

Please refer to the section titled “Business Overview” beginning on page 93 of this Draft Red Herring Prospectus.

8. The extent to which the business is seasonal

The business of our Company is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers

We are dependent on a few key suppliers and customers.

10. Competitive Conditions

We will face competition from existing players in Jewellery Industry.

Fiscal 2010 compared to Fiscal 2009

Particulars	March 31, 2010	% of TI	March 31, 2009	% of TI
INCOME				
Receipts from Operations	16,636.36	96.52	11,692.87	98.38
Increase / (Decrease) in Stock	576.85	3.35	(170.40)	(1.43)
Other Income	23.77	0.14	362.69	3.05
Total	17,236.98	100.00	11,885.16	100.00
EXPENDITURE		-		-
Material, Stores & Spares	15,919.44	92.36	11,080.59	93.23
Operating Expenses	18.3	0.11	118.27	1.00
Personnel Expenses	23.47	0.14	27.76	0.23
Administrative Expenses	385.99	2.24	30.05	0.25
Misc. and Deferred Revenue	-	-	-	-
Exp. W/Off	0.66	-	-	-
Total	16,347.86	94.84	11,256.67	94.71
Profit before Interest,				
Depreciation and Tax	889.13	5.16	628.49	5.29
Depreciation	6.19	0.04	4.13	0.03
Profit before Interest and Tax	882.93	5.12	624.36	5.25
Interest & Finance Charges	258.27	1.50	229.05	1.93
Loss on sale of Investment/Assets	-	-	-	-
Net Profit Before Tax	624.66	3.62	395.31	3.33
Provision For Taxation				
Current Tax	4.76	0.03	93.17	0.78
Deferred Tax	-	-	(0.13)	(0.00)
Net Profit After Tax	619.91	3.60	302.27	2.54
Proposed Dividend	-	-	-	-
Prior Period Items	-	-	-	-
Net Profit after tax after adjusting prior period item	619.91	3.60	302.27	2.54
Profit and Loss Account at the beginning of the year	367.77	2.13	124.48	1.05
Transferred to General	-	-	-	-
Reserves	-	-	-	-
Balance Carried to Balance Sheet	987.68	5.73	426.75	3.59

Our Company's results of operations for Fiscal 2010 were particularly influenced by the following factors:

- Increase in Sales
- Registration of EOU

Income

Sales

Our Company's income from sales increased by 42.28% to Rs. 16,636.36 Lakhs for Fiscal 2010 from Rs. 11,692.87 Lakhs for Fiscal 2009 due to the extension of the Loan facility given by the Bankers and the increase in the volume of Export order from the Overseas Customers.

Other income

Our Company's other income decreased by 93.45% to Rs. 23.77 Lakhs for Fiscal 2010 from Rs. 362.69 Lakhs for Fiscal 2009. This was primarily due to the gain on fluctuation of Foreign Currency in Fiscal 2009.

Expenditure

Our expenditure increased by 45.23% to Rs. 16347.86 Lakhs for Fiscal 2010 from Rs.11,256.67 Lakhs for Fiscal 2009 was primarily due to increase in sales.

Finance expenses

Our Company's finance expenses increased by 12.76% to Rs. 258.27 Lakhs for Fiscal 2010 from Rs. 229.05 Lakhs for Fiscal 2009. This was due to increase in our working capital limit and stabilization of interest rates.

Depreciation and Amortization

Our Company's depreciation expenses increased by 49.87% to Rs. 6.19 Lakhs for Fiscal 2010 from Rs. 4.13 Lakhs for Fiscal 2009. This was mainly due to increase in our fixed assets through modifications to existing manufacturing facility.

Taxation

Our Company's provision for taxation decreased by 94.88% to Rs. 4.75 Lakhs for Fiscal 2010 from Rs. 92.7 Lakhs for Fiscal 2009 on account of registration of the unit under EOU and thereby claiming an exemption under sec 10B of Income Tax Act.

Profit

Our Company's restated profit increased by 105.08% to Rs. 619.91 Lakhs for Fiscal 2010 from Rs. 302.27 Lakhs for Fiscal 2009 due to the increase in Sales and reduction of tax burden.

Fiscal 2009 compared to Fiscal 2008

Particulars	March 31, 2009	% of TI	March 31, 2008	% of TI
INCOME				
Receipts from Operations	11,692.87	98.38	5,250.29	102.60
Increase / (Decrease) in Stock	(170.40)	(1.43)	(168.20)	(3.29)
Other Income	362.69	3.05	34.95	0.68
Total	11,885.16	100.00	5,117.04	100.00
EXPENDITURE				
Material, Stores & Spares	11,080.59	93.23	4,682.22	91.50
Operating Expenses	118.27	1.00	151.93	2.97
Personnel Expenses	27.76	0.23	31.67	0.62
Administrative Expenses	30.05	0.25	15.88	0.31
Misc. and Deferred Revenue	-	-	-	-
Exp. W/Off	-	-	-	-
Total	11,256.67	94.71	4,881.69	95.40
Profit before Interest,		-		-
Depreciation and Tax	628.49	5.29	235.35	4.60
Depreciation	4.13	0.03	1.03	0.02
Profit before Interest and Tax	624.36	5.25	234.32	4.58
Interest & Finance Charges	229.05	1.93	115.76	2.26
Loss on sale of Investment/Assets	-	-	-	-
Net Profit Before Tax	395.31	3.33	118.56	2.32
Provision For Taxation				
Current Tax	93.17	0.78	40.67	0.79
Deferred Tax	(0.13)	(0.00)	(0.04)	(0.00)
Net Profit After Tax	302.27	2.54	77.93	1.52
Proposed Dividend	-	-	-	-
Prior Period Items	-	-	-	-
Net Profit after tax after adjusting prior period item	302.27	2.54	77.93	1.52
Profit and Loss Account at the beginning of the year	124.48	1.05	46.55	0.91
Transferred to General	-	-	-	-
Reserves	-	-	-	-
Balance Carried to Balance Sheet	426.75	3.59	124.48	2.43

Our Company's results of operations for Fiscal 2009 were particularly influenced by the following factors:

- Increase in Sales
- Registration of EOU

Income

Sales

Our Company's income from sales increased by 122.71% to Rs. 11,692.87 Lakhs for Fiscal 2009 from Rs.5,250.29 Lakhs for Fiscal 2008 due to the expansion of business from mere job work to manufacturing and shift of activity from wholesale to exports.



Other income

Our Company's other income increased by 937.74% to Rs. 362.69 Lakhs for Fiscal 2009 from Rs. 34.95 Lakhs for Fiscal 2008. This was primarily due to the increase in the gain on fluctuation of Foreign Currency in Fiscal 2009.

Expenditure

Our expenditure increased by 130.59% to Rs. 11,256.67 Lakhs for Fiscal 2009 from Rs.4881.69 Lakhs for Fiscal 2008 was primarily due to increase in sales.

Finance expenses

Our Company's finance expenses increased by 97.87% to Rs. 229.05 Lakhs for Fiscal 2009 from Rs. 115.76 Lakhs for Fiscal 2008. This was due to increase in our working capital limit and stabilization of interest rates.

Depreciation and Amortization

Our Company's depreciation expenses increased by 300.97% to Rs. 4.13 Lakhs for Fiscal 2009 from Rs.1.03 Lakhs for Fiscal 2008. This was mainly due to increase in our fixed assets through modifications to existing manufacturing facility.

Taxation

Our Company's provision for taxation increased by 129.23% to Rs. 92.7 Lakhs for Fiscal 2009 from Rs. 40.44 Lakhs for Fiscal 2008 due to increase in Turnover.

Profit

Our Company's restated profit increased by 287.87% to Rs. 302.27 Lakhs for Fiscal 2009 from Rs. 77.93 Lakhs for Fiscal 2009 due to the increase in Sales.

Fiscal 2008 compared to Fiscal 2007

Particulars	March 31, 2008	% of TI	March 31, 2007	% of TI
INCOME				
Receipts from Operations	5,250.29	102.60	2,003.65	90.99
Increase / (Decrease) in Stock	(168.20)	(3.29)	197.11	8.95
Other Income	34.95	0.68	1.36	0.06
Total	5,117.04	100.00	2,202.12	100.00
EXPENDITURE		-		-
Material, Stores & Operating	4,682.22	91.50	2,011.05	91.32
Expenses	151.93	2.97	43.74	1.99
Personnel Expenses	31.67	0.62	31.68	1.44
Administrative Expenses	15.88	0.31	12.95	0.59
Misc. and Deferred Revenue	-	-	-	-
Exp. W/Off	-	-	-	-
Total	4,881.69	95.40	2,099.42	95.34
Profit before Interest,		-		-
Depreciation and Tax	235.35	4.60	102.70	4.66
Depreciation	1.03	0.02	0.65	0.03
Profit before Interest and Tax	234.32	4.58	102.05	4.63
Interest & Finance Charges	115.76	2.26	46.47	2.11
Loss on sale of Investment/Assets	-	-	-	-
Net Profit Before Tax	118.56	2.32	55.58	2.52
Provision For Taxation				
Current Tax	40.67	0.79	18.78	0.85
Deferred Tax	(0.04)	(0.00)	0.10	0.00
Net Profit After Tax	77.93	1.52	36.70	1.67
Proposed Dividend	-	-	-	-
Prior Period Items	-	-	-	-
Net Profit after tax after adjusting prior period item	77.93	1.52	36.70	1.67
Profit and Loss Account at the beginning of the year	46.55	0.91	9.85	0.45
Transferred to General	-	-	-	-
Reserves	-	-	-	-
Balance Carried to Balance Sheet	124.48	2.43	46.55	2.11

Our Company's results of operations for Fiscal 2008 were particularly influenced by the following factors:

- Increase in Sales

Income

Sales

Our Company's income from sales increased by 162.04% to Rs. 5250.29 Lakhs for Fiscal 2008 from Rs.2,003.65 Lakhs for Fiscal 2007 due to export sales were made in the year 2008.



Other income

Our Company's other income increased by 2,469.85% to Rs. 34.95 Lakhs for Fiscal 2008 from Rs.1.36 Lakhs for Fiscal 2007. This was primarily due to the gain on fluctuation of Foreign Currency in Fiscal 2008. During the fiscal 2007 other income includes only interest income.

Expenditure

Our Company's expenditure increased by 132.53% to Rs. 4881.69 Lakhs for Fiscal 2008 from Rs.2,099.42 Lakhs for Fiscal 2007 was primarily due to increase in sales.

Finance expenses

Our Company's finance expenses increased by 149.11% to Rs.115.76 Lakhs for Fiscal 2008 from Rs. 46.47 Lakhs for Fiscal 2007. This was due to increase in our working capital limit and stabilization of interest rates.

Depreciation and Amortization

Our Company's depreciation expenses increased by 58.46% to Rs. 1.03 Lakhs for Fiscal 2008 from Rs.0.65 Lakhs for Fiscal 2007. This was mainly due to increase in our fixed assets through modifications to existing manufacturing facility.

Taxation

Our Company's provision for taxation increased by 116.56% to Rs. 40.67 Lakhs for Fiscal 2008 from Rs. 18.78 Lakhs for Fiscal 2007 on account of increased sales during the year.

Profit

Our Company's restated profit increased by 112.34% to Rs. 77.93 Lakhs for Fiscal 2008 from Rs. 36.70 Lakhs for Fiscal 2007 due to the increase in Sales.



SECTION VIII- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

As on date, there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoter and Group Companies and there are no defaults, 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 and arrears of preference shares issued by our Company, default in creation of full security as per terms of issue/other liabilities, no amounts owed to small scale undertakings exceeding Rs 1 Lakh, which is outstanding for more than 30 days, no 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, 1956) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters, our Directors and Group Companies.

MATERIAL DEVELOPMENTS

1. We commenced commercial production at our new unit at 29/1, Golden Chambers, Lalbagh Fort Road, Bangalore, Karnataka on January 20, 2010.
2. On January 21, 2011, we have allotted 25,00,000 equity shares of Rs. 10/- each at face value to Mr. Lalith R Ramani and Mr. Nitesh L Ramani (Promoters) for a total consideration of Rs. 250.00 Lakhs.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Draft Red Herring Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities. The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out business

For further details in connection with the regulatory and legal framework within which we operate, please refer to the chapter titled “Key Industry Regulations and Policies” on page 103 of this Draft Red Herring Prospectus.

Approvals for the Issue

1. The Board of Directors has, pursuant to resolution passed at its meeting held on October 20, 2010 authorised the present Issue.
2. The shareholders of our Company have, pursuant to a resolution dated December 02, 2010 authorised the present Issue.
3. Board Resolution dated February 3, 2011 passed by the Board of our Company approving the Draft Red Herring Prospectus.
4. In-principle approval from the Bombay Stock Exchange Limited dated [●].
5. In-principle approval from the National Stock Exchange of India Limited dated [●].
6. SEBI Observation Letter No. [●] dated [●] issued by the Securities and Exchange Board of India
7. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
8. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

Incorporation Details

1. Certificate of Incorporation dated August 1, 2005 issued by Registrar of Companies, Karnataka, Bengaluru.
2. The Company Identification Number (CIN) is U51398KA2005PTC036868.

3. Fresh Certificate of Incorporation dated December 02, 2010 issued by the Registrar of Companies, Karnataka upon the change in name of our Company from “Ratanchand Jewellers Private Limited to Ratanchand Jewellers Limited”.

Business Approvals

1. Our Company received the Letter of Permission (“LOP”) numbered 1/35/2008:PER:EOU:KR:CSEZ dated August 25, 2008 to setup an Export Oriented Unit (“EOU”) in the Cochin Special Economic Zone (“CSEZ”) at Bengaluru. The LOP was issued by the Development Commissioner (“DC”), Ministry of Commerce and Industry, Government of India for the manufacture and export of handmade gold jewellery – plain and studded with an annual capacity of 1,200 Kg.

Terms and Conditions as laid out in the LOP:

- a) The unit shall export its entire production, excluding rejects and sales in the domestic tariff area as per the provisions of the Foreign Trade Policy for a period of 5 years from the date of commencement of production. For this purpose, the unit shall furnish the requisite legal undertaking as prescribed in the Foreign Trade Policy to the DC. Before signing the LUT it should have its own operational web-site and permanent e-mail address. The unit would have the option to renew its EOU status or opt out of the scheme as per industrial policy in force at that time in relation to items of production.
- b) The unit will be required to achieve value addition as prescribed in the Foreign Trade Policy for a period of 5 years from the commencement of production, failing which it would be liable for penal action.
- c) The unit does not require imported capital goods for the proposed project.
- d) Exemption under section 10 B of the Income Tax Act will be subject to interpretation of the activity of the unit as manufacturing activity by the Income Tax Department.
- e) Import/local purchase of all items except those listed in the prohibited list for import/export will be permitted.
- f) The LOP is valid for 3 years from its date of issue, within which our Company should implement the project and commence commercial production and would automatically lapse if an application for the extension of the validity is not made before the end of the said period. Date of commencement of commercial production shall be intimated to the DC, CSEZ.
- g) The approval is based on the details provided by our Company.
- h) Our Company shall be required to enter into a legal agreement in the form prescribed by Appendix 14-I-F of the handbook of procedures (Vol-I) with the DC, CSEZ for fulfilling the terms and conditions mentioned in the LOP.
- i) Our Company shall be required to accept these terms within 45 days, failing which, the LOP would be liable for revocation.

Terms and Conditions as laid out in Appendix 14-I-F:

- a) Performance of the unit is subject to annual monitoring by the DC having jurisdiction over its activities under the guidelines issued by the Ministry of Commerce, GoI from time to time and the unit shall be liable for penalty under the Foreign Trade (D&R) Act, 1992 as amended from time to time for failure to fulfill such obligation. Exports to Nepal or Bhutan shall qualify for the purpose of counting Net Foreign Exchange (“NFE”) under the EOU Scheme if payment is made in Foreign Exchange.

- b) The unit shall not dispose of its production in the domestic market except in terms of the provisions of EOU Scheme and/or when specifically allowed by the competent authority.
- c) Our Company shall submit quarterly report to the concerned DC in the prescribed format.
- d) Our Company shall submit a quarterly performance report in the prescribed format to the DC for the period ending March/June/September and December every year within 30 days of the close of quarter through email, giving details of the imports/exports effected and purchases made from the Domestic Tariff Area by the unit during the period.
- e) The unit shall also be subject to the conditions stipulated and required for availing exemption from duty of Customs and Excise under the relevant Customs and Excise Notifications and any customs duties/excise duties and interest payable to the GoI for failure to fulfill such conditions. Such dues shall be recoverable without prejudice to any other mode of recovery in accordance with the provisions of Section 142 of the Customs Act, 1962, Section 11 of the Central Excise Act, 1944 and the rules made there under and/or from any payment due to the unit from the GoI.
- f) Any order issued by the GoI in this regard shall be final and binding. The unit should comply unconditionally with such an order.
- g) The unit shall be bound by the changes made in the provisions of EOU Scheme from time to time.
- h) Any changes in the Board of Directors/Partners, telephone number, email address, website, passport number, bank address and factory address shall be duly intimated by the unit within a fortnight.

The legal undertaking executed by our Company in this regard was acknowledged by the DC, CSEZ vide the letter dated September 15, 2008.

Our Company intimated the DC, CSEZ of commencement of production vide its letter dated October 17, 2008.

- 2. Our Company received Registration cum Membership Certificate dated September 16, 2008. The DC, CSEZ has issued our Company membership number 271/CSEZ/EOU/2008. The same is valid till August 24, 2011.
- 3. The Joint Director, District Industries Centre, Bengaluru issued Entrepreneur's Memorandum dated June 26, 2008 number 290201102722 for registration as a micro enterprise engaged in the manufacture of jewellery. The same is valid for two years.
- 4. Our Company received Green Card numbered 1075 dated September 18, 2008. The DC, CSEZ has issued the Green Card to our Company, approving our Company as a 100% EOU. The same is valid till August 24, 2011.
- 5. Our Company received In Bond Manufacturing Sanction dated October 8, 2008 vide order numbered 75. The sanction letter has been issued by the Deputy Commissioner of Customs, Bengaluru under Section 65 of the Customs Act, 1962, permitting manufacturing operations at our unit. The same is valid till September 24, 2011.
- 6. Our Company received License for Private Bonded Warehouse numbered 75/2008 dated October 8, 2008. The license has been issued by the Deputy Commissioner of Customs, Bengaluru under Section 58 of the Customs Act, 1962, certifying our unit as a 100% EOU Private Bonded Warehouse for storage without payment of duty on importation of goods. The same is valid till August 24, 2011.
- 7. Our Company received Value Added Tax ("VAT") Registration Certificate dated January 6, 2010 bearing TIN 29260402225. The VAT Certificate was issued by the Assistant Commissioner of Commercial Taxes, Bengaluru, confirming registration of our Company as a



1. dealer under Section 22 of the Karnataka VAT Act, 2003 and the rules made there under. The VAT registration is valid from September 1, 2005 until cancellation. The same also confirms our registration under the Central Sales Tax (“CST”) Act, 1956 for purchase of gold, bullions, silver articles, stones and ornaments at a concessional rate under Section 8 (1) the CST Act, 1956. The CST Registration is valid from September 25, 2005 till cancellation.
2. Our Company received Certificate of Importer-Exporter Code (“IEC”) dated December 5, 2008 and the same was subsequently revised on January 06, 2011. The Foreign Trade Development Officer, Ministry of Commerce had issued our Company IEC number 0707005434. The same is valid from June 4, 2007 until cancellation.
3. Our Company received Registration cum Membership Certificate dated January 18, 2011. Our Company was issued Registration number GJC/REGN/MFG/RO-CHE/G13842/2010-2015 by the Gem and Jewellery Export Promotion Council. The same is valid till March 31, 2015.
4. Employee Provident Fund Registration bearing registration number KN/4446/2011 under Employees Provident Fund and Miscellaneous Provisions Act, 1952.
5. Registration Certificate of Establishment number 48/CE/1637/2009 dated June 06, 2009 under the Karnataka Shops and Establishment Act, 1961 in respect of registering our Company as a commercial establishment. The certificate is valid up to December 31, 2012
6. Certificate of Registration dated January 17, 2011 bearing registration number P00314085. The Certificate of Registration was issued by the Commercial Taxes Department, Bangalore, confirming registration of our Company as an employer under Karnataka Tax on Professions, Traders, Calling and Employment Act, 1976.
7. Central Excise Registration certificate dated January 27, 2011 bearing registration number AADCR0803QEM003. The Central Excise Registration certificate was issued by the Deputy Commissioner of Central Excise confirming registration of our company for operating as an Export Oriented Undertaking of Excisable Goods at Murugan Mansion, 25, 3rd Floor, 2nd Main Road, Sudham Nagar, Bangalore, Karnataka.
8. Factory Running Registration and License bearing number MYB-18529 dated January 27, 2011. The Department of Factories and Boiler, Bangalore, has issued the Factory Registration and License under the Factories Act, 1948 for the unit located at # 25, Murugan Mansion, 3rd floor, 2nd Main, Sudhamnagar, Bangalore. The license is valid till December 31, 2011.
9. The Tax Deduction Account Number (“TAN”) of our Company is BLRR04730F.
10. The Permanent Account Number (“PAN”) of our Company is AADCR0803Q.

Pending Approvals

S. No	Company	Trademarks	Class applied	Application no & Date
1	Ratanchand Jewellers Limited		14	2076851; December 29, 2010

2. Application dated January 12, 2011 has been filed with Joint Director General of Foreign Trade, Bengaluru Export House certificate. The file no allotted is 07/75/058/0044/AM11/(key:465172)

4. Application dated January 24, 2011 filed with the Karnataka State Pollution Control Board for its consent.

5. Application dated January 24, 2011 filed with Employee State Insurance Corporation, Bangalore for registration under ESI section 10/B.

6. Application dated January 24, 2011 filed the Trade Mark Registry for registration of “Ayiri” mark for precious and semi precious jewellery.
7. Application dated January 24, 2011 filed the Trade Mark Registry for registration of “Eka” mark for precious and semi precious jewellery.
8. Application dated January 24, 2011 filed the Trade Mark Registry for registration of “Nakash” mark for precious and semi precious jewellery.
9. Application dated January 24, 2011 filed the Trade Mark Registry for registration of “Varistha” mark for precious and semi precious jewellery.

Licenses for the Unit at Golden Chambers, #29/1, Lalbagh Fort Road, Near Minerva Circle, Bangalore, Karnataka

1. Our Company received the Letter of Permission (“LOP”) numbered 1/35/2008:EOU:CSEZ/60 dated January 17, 2011 to utilize premises at #29/1, Lalbagh Fort Road, Near Minerva Circle, Bangalore, Karnataka as additional bonded premises.
2. Central Excise Registration Certificate dated January 27, 2011 and bearing registration number AADCR0803QEM004. The Central Excise Registration certificate was issued by the Deputy Commissioner of Central Excise confirming registration of our company for operating as an Export Oriented Undertaking of Excisable Goods at #29/1, Golden Chambers, Lalbagh Fort Road, Bangalore, Karnataka.
3. Value Added Tax (“VAT”) Registration Certificate dated January 27, 2011 and bearing TIN 29260402225. The VAT Certificate was issued by the Assistant Commissioner of Commercial Taxes, Bangalore, confirming registration of our Company as a dealer under Section 22 of the Karnataka VAT Act, 2003 and the rules made there under, and taking note of the additional place of business #29/1, Golden Chambers, Lalbagh Fort Road, Bangalore, Karnataka. The VAT registration is valid from September 1, 2005 until cancellation. The same also confirms our registration under the Central Sales Tax (“CST”) Act, 1956 for purchase of gold, bullions, silver articles, stones and ornaments at a concessional rate under Section 8 (1) the CST Act, 1956. The CST Registration is valid from September 25, 2005 till cancellation.
4. The Joint Director, District Industries Centre, Bengaluru issued Entrepreneur’s Memorandum dated January 28, 2011 number 290201201109 for registration as a small enterprise engaged in manufacture of jewellery. The same is valid for two years.
5. Our Company received an approval from the Hyderabad Gems SEZ Limited allotting 6500 Sq Ft of manufacturing space in their SDF Building.

Pending Approvals

1. Our Company has made an application dated January 20, 2011 for permission to construct, extend or take into use any building as a factory in respect of the premises at #29/1, Golden Chambers, Lalbagh Fort Road, Bangalore, Karnataka.
2. Our Company has made an application dated January 20, 2011 for registration and grant of license, renewal of license and note of occupation in respect of the premises at #29/1, Golden Chambers, Lalbagh Fort Road, Bangalore, Karnataka.



SECTION IX- OTHER REGULATORY AND STATUTORY DISCLOSURES

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares has been authorized by the resolution of the Board of Directors at their meeting held on October 20, 2010 and by the shareholders of our Company pursuant to a special resolution passed at the EGM of our Company held on December 02, 2010.

Prohibition by SEBI

Our Company, our Directors, our Promoters, Promoter Group and Promoter Group companies with which our Directors and Promoters are associated as Directors or Promoters or Partners 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. None of our Directors are associated with the securities markets in any manner, nor has SEBI initiated any action against them.

Prohibition by RBI

Our Company, our Directors, our Promoters, Promoter Group and the companies with which our Directors are associated as Directors or promoters, relatives (as per Companies Act, 1956) 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

Eligibility for this Issue

Our Company is an “unlisted Issuer” in terms of the SEBI ICDR Regulations; and this Issue is an “Initial Public Offer” in terms of the SEBI ICDR Regulations.

Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with audited financial statements under Indian GAAP:

- a) Our Company has at least Rs. 300 Lacs of net tangible assets in each of the preceding 3 (three) full years (of twelve months each) of which not more than 50% are held in monetary assets.
- b) Our Company has a track record of distributable profits in accordance with Section 205 of Companies Act, for at least 3 (three) of the immediately preceding 5 (five) years and is compliant with Regulation 26(1)(b) of the SEBI ICDR Regulations;
- c) Our Company has a net worth of at least Rs. 100 Lacs in each of the preceding three full years (of twelve months each) and is compliant with Regulation 26(1) (c) of the SEBI ICDR Regulations.
- d) The aggregate of the proposed Issue size and all previous issues made in the same financial year in terms of issue size (i.e. offer through the offer document + firm allotment + promoter’s contribution through the offer document) is not expected to exceed five times the pre-Issue net worth of Our Company as per the audited balance sheet of the preceding financial year and is compliant with Regulation 26 (1)(d) of the SEBI ICDR Regulations;
- e) Our Company has not changed its name in the last fiscal year.

Our Company satisfies the aforementioned eligibility criteria (as derived from our Audit Report for the last five years ended FY 2010) as follows

(Amount in Rupees Lakhs)

PATRICULARS	YEAR ENDED ON MARCH 31				
	2006	2007	2008	2009	2010
Net Tangible Assets*	207.34	515.86	1,616.72	2,006.22	4,805.04
Monetary Assets**	4.20	0.10	8.00	1.58	126.48
Monetary Assets as a % of Net Assets	2.03%	0.02%	0.49%	0.08%	2.63%
Distributable Profit***	9.85	36.70	77.93	302.27	619.91
Net Worth# as restated	10.85	47.55	363.57	862.52	1,483.20

Source: Standalone financial statements of Issuer Company for the respective periods.

Notes:

* Net tangible assets is defined as the sum of all net assets of the Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26), "Intangible Assets" issued by the Institute of Chartered Accountants of India. Net tangible assets are the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities), and net of provision for diminution in value;

**Monetary assets include cash on hand and bank balances;

***Distributable profits are as defined under Section 205 of the Companies Act.

Net worth is defined as the aggregate of equity share capital and reserves and surplus.

Further, in accordance with sub-regulation (4) of Regulation 26 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees i.e. persons to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application money shall be refunded forthwith. In case of delay, if any, in refund of application money, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay beyond fifteen days from the date of closure of the Issue.

Compliance with Part A of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Part a of Schedule VIII of the SEBI ICDR Regulations. No exemption from eligibility norms has been sought under regulation 109 of the SEBI ICDR Regulations, with respect to the Issue. Further, our Company has not been formed by the conversion of a partnership firm into a company.

DISCLAIMER CLAUSES

SEBI DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, PNB INVESTMENT SERVICES LIMITED AND KARN MERCHANT BANKERS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIMEBEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FORMAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, PNB INVESTMENT SERVICES LIMITED AND KARN MERCHANT BANKERS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 4, 2011 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“WE THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL 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 ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER,

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED

HERRING PROSPECTUS WITH THE BOARD 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED 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 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL 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 ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER 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 ISSUER 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 HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM THE STOCK EXCHANGE MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE

(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 AS THE ISSUE SIZE IS MORE THAN RS. 1000 LAKHS, THEREFORE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE ALLOTMENT WILL BE MADE ONLY IN DEMAT FORM.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE 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 OR 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 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, 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 ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY 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 MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the 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 the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

The Promoters/Directors of our Company confirm that no information / material, likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Offer Document has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement / misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to a mis-statement/ mis-representation, the Promoters / Directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

Caution - Disclaimer statement from our Company and the BRLMS

Our Company, our Directors and the BRLMs accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information including our Company's website www.ratanchand.co.in would be doing so at his own risk.

The BRLMs accepts no responsibility; save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be 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.

The BRLMs and its associates and affiliates may engage in transactions with, and perform services for, our Company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in future engage, in the provision of financial services for which they have received, and may in future receive, compensation.



Neither our Company nor the Syndicate Members are liable to Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our affiliates or associates in the ordinary course of business and have engaged or may in future engage in commercial banking or investment banking transactions with our Company and our affiliates or associates for which they have received, and may in future receive compensation.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective Directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company.

Our Company, the Underwriters 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 of our Company.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, national investment funds, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2500 Lakhs and pension funds with minimum corpus of Rs. 2500 Lakhs, eligible NRIs, multilateral and bilateral institutions, FIIs and Foreign Venture Capital Funds Registered with SEBI. This DRHP does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft 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 Bengaluru 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 the Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI has given its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft 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 DRHP 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 under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in India and (ii) outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.



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 Bombay Stock Exchange Limited (“BSE”)

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. BSE has given vide its letter dated [●], permission to our Company to use BSE’s name in the offer document as one of the stock exchanges on which our Company’s further securities are proposed to be listed. BSE has scrutinized the offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the offer document; or
- Warrant that our 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 this Company, our promoters, our management or any scheme or project of this 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 this 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 National Stock Exchange of India Limited (“NSE”)

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. NSE has given vide its letter dated [●] permission to our Company to use the Exchange’s name in the offer document as one of the stock exchanges on which our Company’s securities are proposed to be listed. The Exchange has scrutinised the offer document 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 offer document 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 this offer document, nor does it warrant that our 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 our 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 our 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.

Disclaimer clause of the IPO Grading Agency [●]

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

a. who 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."

Filing

A copy of the Draft Red Herring Prospectus has been filed with the Head Office of SEBI at: Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051, Maharashtra.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the Registrar of Companies situated at 'E' Wing, 2nd Floor, Kendriya Sadan, Koramangala, Bengaluru -560034, India, at least 3 (three) days before the Bid / Issue Opening Date.

A copy of the Prospectus would also be filed with SEBI and the RoC at their respective addresses upon closure of this Issue and on finalization of the Issue Price.

Listing

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange with which the basis of Allotment will be finalised. If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 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 8 days, be liable to repay the money, with interest at the rate of 15% per annum 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 both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Consents

Necessary consents for the issue have been obtained from the following:

1. Promoters of our Company
2. Directors of our Company
3. Bankers to our Company
4. Auditors to our Company
5. Peer Review Auditor of our Company
6. Book Running Lead Managers to the Issue
7. Legal Advisor to the Issue
8. Legal Advisor to our Company
9. Registrar to the Issue
10. Company Secretary & Compliance Officer
11. Syndicate Member(s) *
12. Bankers to the Issue *
13. Refund Banker *
14. Underwriter(s) to the Issue *
15. IPO Grading Agency *

** Consents from the Bankers to the Issue, Refund Bankers, IPO Grading Agency, and Underwriter to the Issue and Syndicate Member(s) shall be obtained prior to the filing of the Red Herring Prospectus with the RoC. Other consents mentioned herein above have been obtained prior to filing of this Draft Red Herring Prospectus with the SEBI.*

The said consents would be filed with the RoC along with the copy of the DRHP, as required under Sections 60 and 60B of the Companies Act, 1956 and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus, for registration with the RoC.

F.N. Honnabindagi & Co, Chartered Accountants, who have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI, have given their written consent to the inclusion of their report to the tax benefits accruing to our Company and its members in the form and context in which it appears in this DRHP and have not withdrawn such consent up to the time of delivery of this DRHP for registration with the RoC.

Expert Opinion

Except for the report of (*) in respect of the IPO Grading of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange included in this Red Herring Prospectus and M/s. F.N. Honnabindagi & Co, the Independent Auditor who is Peer Review Certified in respect of the Restated Audited Report annexed herewith, the Company has not obtained any expert opinions.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated expenses of the Issue are as follows:

(Rs. In Lakhs)

Activity	Estimated Expenses	As a % of total estimated expenses	As a % of total Issue size
Listing Fees & expenses of SEBI	[*]	[*]	[*]
Fees payable to the Book Running Lead Managers	[*]	[*]	[*]
Fees payable to the Registrar to the Issue	[*]	[*]	[*]
Underwriting and selling commission	[*]	[*]	[*]
Advertising and marketing expenses	[*]	[*]	[*]
Commission to SCSBs and Syndicate Members	[*]	[*]	[*]
IPO Grading expenses	[*]	[*]	[*]
Others (legal fees, printing and stationery expenses, etc.)	[*]	[*]	[*]
Total estimated Issue expenses	[*]	[*]	[*]

* Will be incorporated after finalisation of Issue Price.

Fees Payable to the BRLMS and the members of the Syndicate

The total fees payable to the BRLMs i.e. PNB Investment Services Limited and Karn Merchant Bankers Limited and the members of the Syndicate will be as per the engagement letters dated October 20, 2010 and January 06, 2011 respectively, a copy of which shall be available for inspection at the Registered Office and forms part of Material Contracts & Documents.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, Karvy Computershare Private Limited, will be as per the Memorandum of Understanding executed between our Company and the Registrar dated January 13, 2011, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.



Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in this Draft Red Herring Prospectus or send allotment advice by registered post / speed post / under certificate of posting.

Particulars regarding Public or Rights Issues during last five (5) years

Our Company has not made any previous Public or Rights issue in India or abroad in the five (5) years preceding the date of this Draft Red Herring Prospectus.

Previous issue of Equity Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash, except Bonus Issue, as mentioned in the section titled 'Capital Structure' on page 49 of this Draft Red Herring Prospectus.

Underwriting Commission, brokerage, and selling commission on Previous Issues

Since this is the Initial Public Offer of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

Companies under same Management

No company under the same management within the meaning of Section 370 (1B) of the Companies Act has made any public issue or rights issue during the last three (3) years.

Performance vis-à-vis Objectives

There has not been any previous public issue or rights issue of our Equity Shares. None of our Group Entities/ Associates of our Company are listed on any Stock Exchange and have not made any public issue or rights issue of shares.

Option to Subscribe

Equity Shares being offered through the Draft Red Herring Prospectus can be applied for in dematerialized form only.

Outstanding Debentures or Issue of Bonds or Preference Shares

Our Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Stock Market Data for our Company's Equity Shares

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchange.

Purchase of property

Except as stated in "Objects of the Issue" on page 63 of this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

1. The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
2. The amount of the purchase money is not material.



Except as stated in this Draft Red Herring Prospectus, our Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor's Grievances

Our Company has constituted a Shareholders' / Investors' Grievance Committee to look into the redressal of the shareholders / investors complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer part titled "Shareholders' / Investors' Grievance Committee" under the section titled "Our Management" beginning on page 113 of the Draft Red Herring Prospectus. To expedite the process of share transfer, our Company has appointed Karvy Computershare Private Limited as the Registrar and Share Transfer Agents of our Company.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application 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 Designated Branch of the SCSB where the ASBA Form was submitted by the ASBA Bidders.

Disposal of Investor's Grievances and Redressal Mechanism

We have appointed Karvy Computershare Private Limited as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance Officer. All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

A fortnightly status report of the complaints received and redressed by the Registrar to the Issue would be forwarded to us. We would also coordinate with the Registrar to the Issue in attending to the investors' grievances.

We assure that any complaints received, shall be disposed off as per the following schedule:

Sr. No	Nature of the Complaint	Time taken
1	Non-receipt of the refund	Within 7 days of receipt of complaint, subject to production of satisfactory evidence
2	Change of Address	Within 7 days of receipt of information.
3	Any other complaint in relation to Issue	Within 7 days of receipt of complaint with all relevant details.

Our Company has appointed Mr. K. N. Surya Prakash, Company Secretary and Compliance Officer to redress complaints, if any, of the investors participating in the Issue. He can be contacted at the following address:

ENAM

Ratanchand Jewellers Limited

Registered Office:

No. 29, Golden Chambers,

Lalbagh Fort Road,

Minerva Circle,

Bengaluru – 560 004,

Karnataka, India;

Tel. No.: +91 80 4087 0000;

Fax No.: +91 80 4091 6080

Compliance Officer: Mr. K. N. Surya Prakash,



E-mail: ipo@ratanchand.co.in

Website: www.ratanchand.co.in

We have also constituted a Shareholders' and Investors' Grievance Committee. The composition of the Shareholders' and Investors' Grievance Committee is as follows:-

The Shareholders'/Investor's Grievance and Share Transfer Committee of our Company comprises of the following Directors as members:

S. No.	Name of the Member	Designation	Status
1	Anil Agarwal	Chairman	Independent Director
2	Shiva Prakash C	Member	Independent Director
3	Saniya N Ramani	Member	Executive Director

For further details, please refer to the chapter titled "Our Management" beginning on page 113 of this Draft Red Herring Prospectus. Investors can contact the Compliance Officer or the Company Secretary or the Registrar to the Issue in case of any Pre-Issue or Post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

Changes in the Auditors

There has been no change in the Statutory Auditor of our Company since inception and our company has appointed M/S F.N.Honnabindagi & Co, as peer review auditor w.e.f. 06/12/2010.

Capitalisation of Reserves or Profits

Except as stated in the section titled "Capital Structure" beginning on page 48 of this Draft Red Herring Prospectus, our Company has not capitalised its reserves or profits at any time since inception.

Revaluation of Assets

Our Company has not revalued its assets in the last five (5) years.

Servicing Behaviour

There has been no default in payment of statutory dues or of interest or principal in respect of the borrowings or deposits of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation. Except as disclosed in "Related Party Disclosure" in "Financial Statements" on page 155, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company



SECTION X- ISSUE RELATED TERMS

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Draft Red Herring Prospectus, and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue:

The issue of equity shares by our Company has been proposed by the resolution of the Board of Directors passed at their meeting held on October 20, 2010 subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of our Company authorized and approved this Issue under section 81(1A) of the Act by a Special Resolution at EGM held on December 02, 2010.

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 of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see “Main Provisions of the Articles of Association” on page 229 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956, the Article and the Listing Agreements.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] per Equity Share and the Anchor Investor Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act, 1956 and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled “Main provision of the Articles of Association” beginning on page 229 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of our Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of our Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the section titled “Issue Procedure” beginning on page 198 of this Draft Red Herring Prospectus.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, 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 advantages to which he or she 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 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 be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent 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 our 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, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our 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 of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Bidding/Issue Programme

BID/ ISSUE OPENS ON ^	[●]
BID/ ISSUE CLOSES ON	[●]

^ Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue through the Draft Red Herring Prospectus including devolvement of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under Section 73 of the Companies Act and the rules formulated there under.



Further, in accordance with sub-regulation (4) of regulation 26 of SEBI ICDR Regulations we shall ensure that the number of prospective allottees to whom the Equity Shares are allotted will not be less than 1,000. If the number of Allottees in the proposed Issue is less than 1,000 Allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable

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.

Arrangements for Disposal of Odd Lots

Our Company has not made any arrangements for the disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of certain pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in the section "Capital Structure" on page 49 of this Draft Red Herring Prospectus, and except as provided in the Articles of Association. There are no restrictions on transmission of Equity Shares and on their consolidation/splitting except as provided in the Articles of Association. For details, please see the section "Main Provisions of the Articles of Association" on page 229 of this Draft Red Herring Prospectus.

Option to receive Equity Shares in Dematerialized Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

New financial instruments

There are no new financial instruments such as deep discounted bonds, debentures, warrants, secured premium notes etc. issued by our Company.

ISSUE STRUCTURE

Issue of [●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per equity share) aggregating to Rs. 15,000.00 Lakhs. The Issue will constitute [●] % of the fully diluted post issue paid-up equity share capital of our Company.

The Issue is being made through the Book Building Process.

Particulars	Qualified Institutional Bidders #	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares*	Not more than [●] Equity Shares will be allotted to QIBs or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders	Not less than [●] Equity Shares shall be available for allocation.	Not less than [●] Equity Shares shall be available for allocation.	Up to [●] Equity Shares.
Percentage of Issue Size available for allocation	At least 50% of the Net Issue shall be allocate to QIBs	Not less than 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Net Issue or Net Issue less allocation to QIBs and Non-Institutional Portion.*	Up to [●] Equity Shares.
Basis of allocation if respective category is over-subscribed	Proportionate (a) [●] Equity Shares constituting 5 % of the Net QIB portion shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.

Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 2,00,000.	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 2,00,000.
Mode of Allotment	Compulsory in dematerialized form	Compulsory in dematerialized form	Compulsory in dematerialized form	Compulsory in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Share thereafter	[●] Equity Shares and in multiples of [●] Equity Share thereafter	[●] Equity Shares and in multiples of [●] Equity Share thereafter	[●] Equity Shares and in multiples of [●] Equity Share thereafter
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral & bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory & Development Authority, provident funds with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), companies, corporate bodies, scientific institutions, society's trusts, sub accounts of FIs registered with SEBI, which are foreign corporate or foreign individuals.	Resident Indian individuals, Eligible NRIs, HUF (applying through the Karta), applying for Equity Shares such that the Bid Amount does not exceed Rs. 2,00,000.00 in value.	Eligible employees

	National Investment Fund in accordance with applicable law. National Investment Fund set up by Government of India and insurance funds set up and managed by the army, navy and air force of the Union of India, insurance funds set up and managed by the Department of Posts, India.			
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Terms of Payment	Full Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the BRLMs (including Anchor Investor) and submission of ASBA Form to SCSB. In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form.	Full Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate Members and submission of ASBA Form to SCSB. In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form ##	Full Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate Members and submission of ASBA Form to SCSB. In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form. ##	Full Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member. ##

** The Issue is being made through the Book Building Process wherein at least 50% of the Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportional basis to Mutual Funds only and the remainder shall be made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the net QIB Portion. 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. Under-subscription, if any, in any category, 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 BRLMs, and the Designated Stock Exchange. The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations.*



** Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over inter-se from any of the other categories, at the sole discretion of our Company, the BRLMs and subject to applicable provisions of the SEBI Regulations.*

*** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.*

**** Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section "ASBA Process" of this Draft Red Herring Prospectus.*

In case of ASBA Bidders, the SCSB shall be authorized to block such funds in the bank account of the Bidder that are specified in the ASBA Bid cum Application Form.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

**** Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. The minimum bid for Anchor Investors shall be such number of Equity Shares so that the Bid Amount exceeds Rs. 1,000 Lakhs.*

Withdrawal of the Issue

Our Company in consultation with the BRLMs, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bidding/Issue Programme

BID/ISSUE OPENS ON[^]	[●]
BID/ISSUE CLOSES ON	[●]

[^] Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one day prior to the Bid/Issue Opening Date.

Bids and any revision in Bids will 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 in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA 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; and (ii) 5.00 p.m. which may be extended up to such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 2,00,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, 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 in the Issue. If such Bids are not uploaded, our Company and the Syndicate shall not be responsible. Bids will be accepted only between Monday and Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders and Eligible Employees, 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 BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the floor price originally disclosed in the RHP and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to the Bid/Issue Period not exceeding 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 press release, and also by indicating the change on the web sites of the Book Runners at the terminals of the Syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

In respect of QIBs that apply in the Anchor Investor Portion, the Issue procedure set out below should be read with, and is qualified by, the paragraphs below relating to Anchor Investors, including without limitation, the part “Maximum and Minimum Bid Size – For Bidders in the Anchor Investor Portion” on page 204 of this Draft Red Herring Prospectus.

Book Building Procedure

The Issue is being made through the Book Building Process wherein upto 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIB”). Out of the Net QIB Portion, 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis

Bidders are required to submit their Bids through the members of the Syndicate. ASBA Investors are required to submit their Bids to the SCSBs. We, in consultation with the BRLMs, reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLMs. In case of Non-Institutional Bidders, and Retail Individual Bidders our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders’ PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted 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 (other than ASBA 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. ASBA Bidders shall submit an ASBA Bid cum Application Form to the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. ASBA Bid cum application forms will be available for download and printing, from websites of the Stock Exchanges which provide electronic interface for ASBA facility i.e. Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). Upon 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 or the SCSB, the Bidder or 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder or the ASBA 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 (ASBA as well as non ASBA Bidders *)	[●]
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non ASBA Bidders)	[●]
Eligible Employees	[●]
Anchor Investor **	[●]

**Bid cum Application forms for ASBA Bidders and the abridged prospectus will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLMs and the SCSBs.*

*** Bid cum Application forms for Anchor Investors have been made available at the offices of the BRLMs.*

Bidders (other than ASBA Bidders) are required to submit their Bids through the Syndicate. Such 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 in terms of the Red Herring Prospectus. The Bidder 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.

ASBA Bidders shall submit an ASBA Bid cum Application Form through the SCSB authorising blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form only. Further, as per circular issued by SEBI dated October 12, 2010, the Syndicate and sub-syndicate members have been permitted to procure ASBA Bid cum Application Forms from the ASBA Bidders and submit the forms to the SCSBs. However, SEBI is yet to notify relevant instructions for modification of existing systems and procedures.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre 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.

Upon the filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission of the Bid cum Application Form to a Syndicate or the SCSB, the Bidder or the ASBA Bidder is deemed to have authorised 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 Bidder or the ASBA Bidder.

Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, 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 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;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in Equity Shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of Rs. 2,500 Lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 2,500 Lakhs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by the army, navy or air force of the Union of India;
- Insurance funds set up and managed by Department of Posts, India; and
- Eligible Employees

As per the existing regulations, OCB's cannot participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be eligible to be considered for share allocation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates and affiliates of the BRLMS and the Syndicate Member(s)

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations, if any. However, associates and affiliates of the BRLMs and Syndicate Member(s) may subscribe for the Equity Shares in the Issue, including in the QIBs and Non-Institutional portion where the allocation is on proportionate basis. Such holding or subscription may be on their own account or on behalf of their clients.

The BRLMs and any persons related to the BRLMs or the Promoter and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

Under the SEBI ICDR Regulations, 5% of the QIB Portion, i.e. [●] Equity Shares have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund



Portion. In the event that the demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In accordance with the current regulations, no mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments by 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.

In 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 name of the scheme concerned for which the Bid has been made.

One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

As of now, in accordance with the foreign investment limits applicable to us and pursuant to the resolution passed by our Shareholders in the Extraordinary General Meeting held on December 02, 2010 the aggregate foreign investment including FII investment cannot exceed the sectoral cap applicable to us (being 100% of our total post Issue capital). As of now, the aggregate FII holding in our Company cannot exceed 100% of our total post Issue capital.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for the Issue.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, by the SEBI (Foreign Institutional Investors) (Amendment) Regulations, 2008 ("SEBI Regulations"), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off-shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or sub-account is also required to ensure that no further issue or transfer of any off-shore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLMS and the Syndicate Member(s) that are FIIs may issue offshore derivative instruments against the Equity Shares allotted to them in the Issue. Any such off-shore derivative instrument does not constitute any obligation or claim or claim on or an interest in our Company.

Bids by Eligible NRIs

NRI Bidders to comply with the following:

Individual NRI Bidders can obtain the Bid cum Application Forms (blue in colour) from our Registered Office, members of the Syndicate or the Registrar to the Issue.

NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident



Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (White in colour).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 2,00,000 would be considered under Non- Institutional Portion for the purposes of allocation.

Bids by SEBI registered Venture Capital Funds (VCF) and Foreign Venture Capital Investors (FVCI)

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, venture capital funds can invest only up to 33.33% of the investible funds by way of subscription to an IPO of a venture capital undertaking whose shares are proposed to be listed.

The SEBI has issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors 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 Red Herring Prospectus with the SEBI.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 Lakhs, 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 of association and articles of association and / or bye laws 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 therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- With respect to Bids made by provident funds with a minimum corpus of Rs. 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2,500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form.

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 and the BRLMs may deem fit.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own inquiries about the limits applicable to them. Our Company and the BRLMs are not liable for informing the investors of, any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not



exceed the applicable investment limits under laws or regulations or the maximum number of Equity Shares that can be held by them under applicable laws. Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Bids under the Anchor Investor Portion

Our Company may, in consultation with the BRLMs, consider participation by Anchor Investors in the Issue for upto [•] Equity Shares in accordance with the applicable SEBI ICDR Regulations. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor category. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. The key terms for participation in the Anchor Investor Portion are as follows:

- a. Anchor Investors shall be QIBs;
- b. A Bid by an Anchor Investor must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,000 lakhs and in multiples of [•] Equity Shares thereafter. Anchor Investors cannot submit a Bid for more than 30% of the QIB Portion.
- c. One-third of the Anchor Investor Portion (i.e., [•] Equity Shares) shall be reserved for allocation to domestic Mutual Funds.
- d. The minimum number of allottees in the Anchor Investor Portion shall not be less than:
 - two, where the allocation under Anchor Investor Portion is upto Rs. 25,000 lakhs; and
 - five, where the allocation under Anchor Investor Portion is more than Rs. 25,000 lakhs.
- e. Anchor Investors shall be allowed to Bid under the Anchor Investor only on the Anchor Investor Bidding Date (i.e., one day prior to the Bid / Issue Opening Date).
- f. Our Company shall, in consultation with the BRLMs, finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees under the Anchor Investor Portion.
- g. Allocation to Anchor Investors shall be completed on the day of bidding by Anchor Investors
- h. The number of Equity Shares allocated to successful Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before opening of Bidding on the Bid/Issue Opening Date.
- i. Anchor Investors shall pay the entire Bid Amount at the time of submission of their Bid. In case the Issue Price is greater than the Anchor Investor Price, any additional amount being the difference between the Issue Price and Anchor Investor Price shall be payable by the Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Price, the allotment to Anchor Investors shall be at Anchor Investor Price.
- j. The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
- k. Neither the BRLMs, nor any person related to the BRLMs, our Promoters, members of our Promoter Group or Group Companies, shall participate in the Anchor Investor Portion.
- l. Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- m. The instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: **“Ratanchand Jewellers Public Issue – Escrow Account – Anchor Investor - R”**;
 - In case of Non-Resident Anchor Investor: **“Ratanchand Jewellers Public Issue – Escrow Account – Anchor Investor - NR”**

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band published by our Company, in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid / Issue Opening Date.

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and are advised to ensure that any single 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 the Draft Red Herring Prospectus.

Maximum and Minimum Bid size

For Retail Bidders:

The Bid must be for minimum [●] number of Equity Shares and in multiples of [●] Equity Shares thereafter subject to maximum bid amount of Rs. 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000. In case, the Bid Amount is over Rs. 2,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Non-Institutional Bidders and QIBs Bidders:

The Bid must be for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount payable by the Bidder exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Day.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 2,00,000, for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 2,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

For Bidders in the Employee Reservation Portion:

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 Eligible Employee does not exceed Rs. 2,00,000. In case of revision of Bids, the Eligible Employees have to ensure that the Bid Amount does not exceed Rs. 2,00,000. Any Bids in the Employee Reservation Portion exceeding Rs. 2,00,000 would be rejected. The Cut-off option is an option given only to the Retail Individual Bidders and Eligible Employees indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process. Eligible Employees bidding under the Employee Reservation Portion may also Bid under the Retail Portion and Non-Institutional Portion and such Bids shall not be treated as multiple Bids.

For Bidders in the Anchor Investor Portion:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 1,000 Lakhs and in multiples of [●] Equity Shares thereafter. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. A Bid cannot be submitted for more than 30% of the QIB Portion under the Anchor Investor Portion. Bids by individual schemes of a Mutual Fund will be consolidated to calculate the minimum application of Rs. 1,000 Lakhs.

Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised Anchor Investor Allocation Notice.

Information for the Bidders

1. Our Company and the BRLMS shall declare the Bid/Issue Opening and the Bid/Issue Closing Day in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English national daily and Hindi national daily) and one

regional language newspaper with wide circulation. This advertisement shall be in the prescribed format.

2. Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. Our Company may decide to close bidding by QIBs one day prior to the Bid/Issue Closing Date provided that Bidding shall be kept open for a minimum of three days for all categories of Bidders. Our Company's decision to close Bidding by QIBs one day prior to the Bid/Issue Closing Date shall be disclosed in the Red Herring Prospectus to be filed with the RoC.
5. The Price Band shall be advertised at least two days prior to the Bid/Issue Opening Date. Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
6. Any bidder (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from the registered office of our Company or from the BRLMs or from a member of the Syndicate or the SCSBs.
7. Eligible Bidders who are interested in subscribing for the Equity Shares should approach the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Forms) should bear the stamp of the Syndicate, otherwise they will be rejected.
9. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.
10. The applicants may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchange by the Syndicate do not match with the DP ID and Client ID and PAN available in the Settlement Depository database, the application is liable to be rejected.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office or our Corporate Office. ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com. Syndicate/ sub-syndicate members may also procure ASBA Bid cum Application Forms directly from the investors and submit it to the SCSBs and shall upload the Bid and other details of such ASBA Bid cum Application Forms in the bidding platform provided by the stock exchanges and forward the same to the respective SCSBs. The SCSBs shall verify the signatures of such applicants, block the requisite quantum of funds and forward these forms to the Registrar.

Bids and revision of bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
- For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 2,00,000.
- For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 2,00,000 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 should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 1,000 Lakhs and in multiples of [●] Equity Shares thereafter.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 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.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or bank drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs, either by the Syndicate or sub-syndicate members or by the ASBA Bidders directly.

No separate receipts shall be issued for the money payable on the submission of a Bid cum Application Form or Revision Form. However, the collection centre 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 record of the Bidder.

General Instructions:

Dos:

- (a) Check if you are eligible to apply;
- (b) Complete the Bid cum Application Form after reading all the instructions carefully;
- (c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be allotted in the dematerialized form only;
- (d) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilized by the Bidder for bidding;
- (f) With respect to the ASBA Bids ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- (g) Ensure that you request for and receive a TRS for all your Bid options;

- (h) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- (i) Ensure that the full Bid Amount is paid for the Bids submitted to the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs.
- (j) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (k) Submit Revised Bids to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids submitted on behalf of the Central Government, residents of Sikkim or the State Government and officials appointed by a court, all Bidders should mention their PAN allotted under the IT Act;
- (m) Ensure that the Bid is within the Price Band;
- (n) Investors must ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
- (o) Ensure that Permanent Account Number (PAN) is mentioned in the Bid-cum-Application Form.

Don'ts:

- (a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- (b) Do not Bid for lower than minimum Bid size;
- (c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the SCSBs, as applicable;
- (e) Do not pay Bid amount in cash, through stock invest, by money order or by postal order;
- (f) Do not provide your GIR number instead of PAN number;
- (g) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders for whom the Bid Amount exceeds Rs. 2,00,000);
- (h) Do not Bid for a Bid Amount exceeding Rs. 2,00,000 (for Bids by Retail Individual Bidders);
- (i) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws / regulations.
- (j) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or the SCSBs only;
- (k) Do not submit the Bids without the full Bid Amount.
- (l) Do not bid through a Syndicate Member, if you are an ASBA investor, and have already submitted your bid through the designated SCSB. Such bids shall be considered as multiple bids and both the applications are liable to be rejected.

Method and Process of Bidding

We, with the BRLMS, shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date after the filing of the Red Herring Prospectus with RoC and also publish the same and price band in three widely circulated newspapers (one each in English, Hindi and a regional newspaper). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMS, and advertised at least two working days prior to the Bid/Issue Opening Date.

Investors who are interested in subscribing for our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid. The Bidding Period shall be a minimum of 3 (three) working days and not exceed 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchange and published in two national newspapers (one each in English and Hindi) and one regional newspaper and on websites of BRLMs and our Company, as appearing on the cover page and the Bidding Period may be extended,

if required, by an additional 3 (three) working days, subject to the total Bidding Period not exceeding 10 (Ten) working days.

During the Bid/Issue Period, Bidders, other than QIBs, who are interested in subscribing for the Equity Shares should approach the Syndicate or their authorized agents to register their Bids. The Syndicate shall accept Bids from all the Bidders and have the right to vet the Bids during the Bid/Issue Period in accordance with the terms of the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels” on page 209 of this DRHP) 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.

The Bidder cannot bid on another Bid cum Application Form after Bids have been submitted on one Bid cum Application Form to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate 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 of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled “Build up of the Book and Revision of Bids”.

The Syndicate Members / SCSBs will enter each 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 TRS’ for each Bid cum Application Form. It is the responsibility of the bidder to obtain the TRS from the Syndicate Member. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under paragraph titled “Escrow Mechanism, Terms of Payment and Payment into the Escrow Accounts” beginning on page 211 under this chapter in this Draft Red Herring Prospectus.

Upon receipt of the ASBA Bid cum Application 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 Bid cum Application Form, prior to uploading such Bids with the Stock Exchange.

The BRLMs shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/Issue Period i.e. one Working Day prior to the Bid/Issue Opening Date.

Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

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 Exchange.

If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal / failure of the Issue or until withdrawal / rejection of the ASBA Bid cum Application Form, 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 of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful 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.

Bids at Different Price Levels and Revisions of Bids

The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLMS, and advertised at least two working days prior to the Bid/Issue Opening Date. The Bidders can bid at any price within the Price Band, in multiples of Re 1. The minimum application size should be in the range of Rs. 5,000 to Rs. 7,000.

In accordance with SEBI ICDR Regulations, our Company in consultation with the BRLMS in accordance with this clause, without the prior approval of, or intimation, to the Bidders, can revise the Price Band. 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. In case of revision in the Price Band, the Issue will be kept open for a further period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days.

In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be suitably revised, if necessary, such that the minimum application is in the range of Rs. 5,000 to Rs. 7,000.

Our Company in consultation with the BRLMs, can finalise the Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation, to the Anchor Investors.

Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the Stock Exchange, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, and also indicating the change on the relevant websites of the BRLMS and the terminals of the members of the Syndicate.

We, in consultation with the BRLMS, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

The Bidders can bid at any price within the Price Band. 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 Rs. 2,00,000 may bid at 'Cut off'. However, bidding at 'Cut-off' is prohibited for QIB or Non- Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders, shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at 'Cut-off' Price could either:

1. Revise their Bid; or
2. Make an additional payment based on the cap of the revised Price Band, 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. 2,00,000, the Bid will be considered for allocation under the Non Institutional category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off.



In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.

Bidder's PAN, Depository Account and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. 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 dispatch / credit of refunds to the Bidders or unblocking of ASBA Account at the Bidders' sole risk and neither the BRLMS nor the Registrar or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED 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 IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE 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 ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/allocation advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Refund orders / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders / 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 (other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidder's sole risk and neither our Company, the Escrow Collection Banks, Registrar, the BRLMS shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole / First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

Refunds, Dividends and other Distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupees drafts purchased abroad, such payments in Indian Rupees will be converted into US 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 should be furnished in the space provided for this purpose in



the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see “Issue Procedure - Payment Instructions” on page 213 of this Draft Red Herring Prospectus.

Electronic Registration of Bids

The Syndicate Members and the SCSBs will register the Bids using the on-line facilities of the Stock Exchange. The Syndicate Members and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

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. The BRLMS, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the Syndicate Members and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

The Stock Exchange will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs 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 Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchange. This information will be available with the BRLMS on a regular basis.

Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange would be made available at the Bidding centres during the Bid/Issue Period.

At the time of registering each Bid other than ASBA Bids, the Syndicate Members shall enter the following details of the Bidders in the on-line system:

Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository 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 are in the same sequence in which they appear in the Bid cum Application Form.

- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares Bid for
- Bid Amount
- Cheque Details
- Bid cum Application Form number
- DP ID and client identification number of the beneficiary account of the Bidder
- PAN

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s)
- Application Number

- PAN (of First Bidder, in case of more than one Bidder)
- Investor Category and Sub-Category

Retail	Non- Institutional	QIB
(No sub category)	Individual, corporate, Other	Mutual Funds Financial Institutions Insurance companies Foreign Institutional Investors other than corporate and individual sub-accounts

- Employees / shareholders (if reservation)
- DP ID and client identification number
- Beneficiary account number of Equity Shares Bid for
- Quantity
- Bid Amount
- Bank account number
- Cheque amount and
- Cheque number

A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the Syndicate Member or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ allotted either by the Syndicate or our Company.

Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

In case of QIB Bidders, only the BRLMS and their affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall 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, Retail Individual Bidders, Bids will be rejected on technical grounds listed on page 216 of this Draft Red Herring Prospectus. The Syndicate Members may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

The permission given by the Stock Exchange 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 and / or the BRLMs are cleared or approved by the Stock Exchange, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the 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, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.

Only Bids that are uploaded on the online IPO system of the Stock Exchange shall be considered for allocation / Allotment. Syndicate Members will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between BSE and the Syndicate Members or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLMs and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Members finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Members will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.



Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make the cheque or demand draft with respect to his or her Bid and / or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement.

The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date.

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 funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring 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 BRLMS, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and / or on allocation / Allotment as per the following terms:

All the Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Syndicate Members. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.

The payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of Resident QIB Bidders: **“Ratanchand Jewellers Public Issue- Escrow Account- QIB-R”**

In case of Non-Resident QIB Bidders: **“Ratanchand Jewellers Public Issue- Escrow Account- QIB-NR”**

In case of Resident Retail and Non-Institutional Bidders: **“Ratanchand Jewellers Public Issue- Escrow Account-R”**



In case of Non-Resident Retail and Non-Institutional Bidders: **“Ratanchand Jewellers Public Issue- Escrow Account-NR”**

In case of Eligible Employees: **“Ratanchand Jewellers Public Issue- Escrow Account- Employee-R”**

Anchor Investors would be required to pay the Bid Amount at the time of submission of the Bid cum Application Form. In the event of the Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price as per the pay-in date mentioned in the revised Anchor Investor Allocation Notice. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: **“Ratanchand Jewellers Public Issue- Escrow Account- Anchor Investors-R”**

(b) In case of non-resident Anchor Investors: **“Ratanchand Jewellers Public Issue- Escrow Account- Anchor Investors-NR”**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupees 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 the banks authorized to deal in foreign exchange in India, along with the documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

In case of Bids by NRIs are applied on non-repatriation basis, the payments must be made through Indian Rupees 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 authorized to deal in foreign exchange in India, along with the documentary evidence in support of the remittance or out of a Non-Resident Ordinary (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 FCNR or NRO Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with the documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Banks shall also refund all amounts payable to unsuccessful Bidders (other than the ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation / Allotment to such Bidders.

Payments should be made by cheque, or a 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 the 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 / stock invest / money orders / postal orders will not be accepted.

Other Instructions

Joint Bids in case of Individuals

Individuals may make bid in single or joint names (not more than three). In case of the joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). 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 (and not more than one) Bid.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of the Mutual Fund and such Bids in respect of over one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Eligible Employees can Bid in the Employee Reservation Portion and the Net Issue and such Bids shall not be considered as multiple Bids. Bids by QIBs under the Anchor Investor Portion and the QIB Portion (excluding Anchor Investor Portion) will not be treated as multiple Bids.

After submitting a bid using an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, whether on another ASBA Bid cum Application Form, to either the same or another Designated Branch of the SCSB, or on a non-ASBA Bid cum Application Form. Submission of a second Bid in such manner will be deemed a multiple Bid and would 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 the Equity Shares in the Issue. However, ASBA Bidders may revise their Bids through the Revision Form, the procedure for which is described in "Build up of the Book and Revision of Bids" on page 217 of this Draft Red Herring Prospectus.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms with respect to any single ASBA Account Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected. Our Company in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all (or all except one) multiple Bid(s) in any or all categories.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. All Bids will be checked for common PAN as per the records of Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN will be treated as multiple Bids and will be rejected.
2. The Bids from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as Bids on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids were scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these were treated as multiple Bids and were rejected.

Permanent Account Number (PAN)

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, the Bidders, 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. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of

transaction. **Any Bid cum Application Form without the PAN is liable to be rejected, except for resident in the state of Sikkim, may be exempted from specifying their PAN for transactions in the securities market. 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.**

Rejection of Bids

In case of QIB Bidders, our Company in consultation with the BRLMS may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject the Bids based on technical grounds. Consequently, refunds shall be made by RTGS / NEFT / NES / Direct Credit / cheque or pay order or demand draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected inter-alia on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 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;
- Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- Age of the First Bidder
- PAN not mentioned in the Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Submission of more than five ASBA Bid cum Application Forms per bank account;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in the Draft Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
- Signatures of the bidder not matching with his sign on record with the SCSB in the event an ASBA Bid cum Application Form is submitted through a Syndicate/ sub – syndicate member.
- Bids accompanied by Stock invest / money order / postal order / cash;
- Bid cum Application Forms does not have the stamp of the BRLMS or Syndicate Members or the SCSB;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, the Bid/Issue Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;

- 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's account number;
- With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by QIBs not submitted through the BRLMS or in case of ASBA Bids for QIBs not intimated to the BRLMS;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids not uploaded on the terminals of the Stock Exchange; and
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
- Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGE OR THE SYNDICATE / THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES.

Build Up of the Book and Revision of Bids

Bids registered by various Bidders (except Bids by Anchor Investor) through the Syndicate Members shall be electronically transmitted to the Stock Exchange's mainframe on a regular basis.

The book gets build up at various price levels. This information will be available with the BRLMS on a regular basis.

During the Bid/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.

Revisions can be made in both the desired numbers of the 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 changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the Syndicate Members and the Designated Branches of the SCSBs.

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 Draft Red Herring Prospectus. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

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. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the Syndicate Members shall collect the payment in the form of cheque or demand draft, 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. In such cases, the Syndicate Members will revise the earlier Bid details with the revised Bid and provide the cheque or



demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Members. 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.

Only Bids that are uploaded on the online IPO system of BSE shall be considered for allocation/allotment. In case of discrepancy of data between BSE and Syndicate Members, the decision of the BRLMS based on the physical records of Bid cum Application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- Based on the demand generated at various price levels, our Company in consultation with the BRLMs shall finalise the Issue Price and Anchor Investor Issue Price.
- Allocation to Anchor Investors shall be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the SEBI Regulations.
- Our Company, in consultation with the BRLMS shall finalize the “Issue Price”, the number of Equity Shares to be allotted in each investor’s category.
- QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further, the Anchor Investors shall not be allowed to withdraw their Bids after the Anchor Investor Bid/Issue Period.
- The allocation to Non-Institutional Bidders and Retail Individual Bidders would be on proportionate basis, in the manner specified in the SEBI ICDR Regulations, the RHP and Prospectus in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- In case of over-subscription in all categories, upto 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders out of which 5% shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB portion will also be eligible for allocation in the remaining QIB portion.
- However, if the aggregate demand by Mutual Funds is less than 5% of the QIB portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their bids. Further, at least 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and at least 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids received at or above the Issue Price.
- Under subscription, if any, in QIBs, Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of our Company and the BRLMS. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
- Allocation to NRI’s, FIIs, Foreign Venture Capital Funds registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Issue / Allocation of Equity Shares to them.
- In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

- The BRLMS, in consultation with us, shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- Our Company in consultation with the BRLMS, reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allocation. If our Company withdraws the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements had appeared and our Company shall promptly inform the Stock Exchange about the same. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of the Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.
- Our Company in consultation with the BRLMS reserves the right to reject any Bid procured from QIB Bidders, by any or all of the Syndicate Members. Rejection of Bids by QIBs bidding in the QIB Portion, if any, will be made at the time of submission of the Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.
- The allotment details shall be uploaded on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

Our Company, the BRLMS, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders. After signing the Underwriting Agreement, we will update and file the Red Herring Prospectus with RoC, which then would be termed as 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, the Anchor investor Issue Price, Underwriting arrangement and would be complete in all material respects. Our Company will file a copy of the Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act.

Filing of Red Herring Prospectus and Prospectus with RoC

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC, Karnataka situated at Karnataka. A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration to the RoC, Karnataka situated at Bengaluru.

We will ensure that all the legal requirements applicable till the filing of the Prospectus with RoC are complied with.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on the Red Herring Prospectus from SEBI, publish an advertisement, in the format prescribed in the SEBI ICDR Regulations in an English national daily with wide circulation, one Hindi National newspaper with wide circulation, and a regional language newspaper with wide circulation at the place where the registered office of the Issuer is situated.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement at the time of / after filing of Prospectus with RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and the Anchor Investor Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

- Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Syndicate a list of the Bidders who have been Allotted Equity Shares in the Issue.



- The Registrar will then dispatch CANs to the Bidders who have been Allotted Equity Shares in the Issue.
- The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.
- The Issuance of CAN is subject to “Notice to Anchor Investors: Allotment Reconciliation and CANs” as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and CANs

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the BRLMs, selected Anchor Investors will be sent an Anchor Investor Allocation Notice and, if required, revised Anchor Investor Allocation Notice. All Anchor Investors will be sent Anchor Investor Allocation Notice post Anchor Investor Bid/Issue Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised Anchor Investor Allocation Notice within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised Anchor Investor Allocation Notice within the pay-in date referred to in the revised Anchor Investor Allocation Notice. The revised Anchor Investor Allocation Notice will constitute a valid, binding and irrevocable contract (subject to the issue of CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Issue Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive CAN. The CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors.

Designated Date and Allotment of Equity Shares

Our Company will ensure that (i) the Allotment of Equity Shares and (ii) credit to the successful Bidder’s depository account will be completed within 12 Working Days of the Bid/Issue Closing Date.

- In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- Allottees will have the option to re-materialize 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.

BASIS OF ALLOTMENT

For Retail Individual Bidders

Bids received from the 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 the successful Retail individual Bidders will be made at the Issue Price.

The Issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating to Rs [●] Lakhs at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid bids.

If the aggregate demand in this category is greater than [●] Equity Shares aggregating to Rs [●] Lakhs at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of

[●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. Refer below for the method of proportionate basis of allotment.

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 allotment to QIBs and Retail Portion shall be available for allotment to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating to Rs [●] Lakhs at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares aggregating to Rs [●] Lakhs at or above the Issue Price then the allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares (being the minimum bid quantity) or in multiples of one Equity Share. Refer below for the method of proportionate basis of allotment.

For QIBs (other than Anchor Investors)

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIBs will be made at the Issue Price.
- The QIB Portion shall be available for Allotment 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 (excluding Anchor Investor Portion) shall be determined as follows:

- (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).
- (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor 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 for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

- (i) In the event that the oversubscription in the QIB Portion (excluding Anchor Investor Portion), all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis 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 along with other QIB Bidders (excluding Anchor Investor Portion).
- (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.



The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares.

For Employee Reservation Portion

- 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 Eligible Employees does not exceed Rs. 2,00,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion may Bid at Cut-off Price.
- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand. Under subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiple of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees can apply under Employee Reservation Portion.

For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company in consultation with the BRLMs, subject to compliance with the following requirements:
 - (a) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (b) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors;
 - (c) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 25,000 Lakhs and minimum number of five Anchor Investors for allocation more than Rs. 2,500 Lakhs.

The number of Equity Shares allocated to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/Issue Opening Date by intimating the same to the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event of the issue being over-subscribed, our Company shall finalize the basis of allotment to Retail Individual Bidders and Non-Institutional Bidders in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMS and the Registrar to the issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. Allotment to the Bidders shall be made in the marketable lots on a proportionate basis as explained below.

Bidders will be categorized according to the number of Equity Shares applied for

The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, being 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 over-subscription ratio.

Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.



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 would 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 would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

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 category shall be determined by draw 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 (b) above; and

If the Equity Shares allotted on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, 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 Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs.

Equity Shares in Dematerialized 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 dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among our Company, the Depositories and the Registrar:

1. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
2. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

All bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected. All Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.

The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or the Revision Form. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).

If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or the Revision Form, it is liable to be rejected.

The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant. Equity Shares in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The trading of Equity Shares of our Company would only be in dematerialized form for all the investors in the demat segment of the Stock Exchange. Investors are advised to instruct their DP to accept the Equity Shares that may be allotted to them, pursuant to the Issue.

Communications

All future communication in connection with the Bids to be made for 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, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the Syndicate Member where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders 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 shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Pre-Issue and Post Issue Related Problems

We have appointed Mr. K.N Surya Prakash as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems. He can be contacted at the following address:

Mr. K.N Surya Prakash
Ratanchand Jewellers Limited
No. 29, Golden Chambers,
Lalbagh Fort Road, Minerva Circle,
Bengaluru – 560 004,
Karnataka,
India.
Tel. No.: +91 80 4087 0000
Fax No.: +91 80 4091 6080
Email: ipo@ratanchand.co.in
Website: www.ratanchand.co.in

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: makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or

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.”

Payment of Refund

Bidders other than the ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. 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 despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue and the BRLMS shall be liable to compensate such Bidders for any losses caused to them due to any such delay or liable to pay any interest for such delay.

Mode of making refunds to Bidders other than ASBA Bidders

The payment of refunds, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

NECS: Payment of refunds would be done through NECS for applicants having an account at any of the centres where such facility has been made available. 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 centres where such facility has been made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

Direct Credit: Applicants having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.

RTGS: Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form.

In the event the same is not provided, refund shall be made through NECS and charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

NEFT: Payment of refund shall be undertaken through NEFT wherever the applicant's 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. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence, use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post / Registered Post for refund orders of Rs. 1,500 and above. Such 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. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

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 Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 9 working days of the Bid/Issue Closing Date.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure 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 Exchange within 12 working days of the Bid/Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 working days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 10



working 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.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed are taken within 12 working days of the Bid/Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, our Company further undertakes that:

Allotment of Equity Shares shall be made only in dematerialized form within 9 (nine) working days of the Bid/Issue Closing Date;

With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 working days of the Bid/Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidders' Bank Account shall be made within 9 working days from the Bid/Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond 10 working days from the Bid/Issue Closing Date as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors within 10 working days as mentioned above.

Letters of Allotment or Refund Orders or Instructions to SCSBs

Our Company shall give credit to the beneficiary account with Depository Participants within 12 Working Days from the Bid/Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our 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 10 working days of the Bid/Issue Closing Date. Bidders to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 working days of the Bid/Issue Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid/Issue Closing Date.

Procedure and Time Schedule for Transfer of Equity Shares

The Issue will be conducted through a "book building process" pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMS, will determine the issue price, and, in consultation with the BRLMS, the basis of allotment and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI and the Registrar of Companies and will be made available to investors. SEBI ICDR Regulations require our Company to complete the allotment to successful bidders within 10 days of the expiration of the Bidding 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 Exchange, the Equity Shares will be listed and trading will commence.

Interest in case of delay in Dispatch of Allotment Letters / Refund Orders / instruction to the SCSBs by the Registrar to the Issue Our Company agrees that (i) Allotment of Equity Shares and (ii) credit to the successful Bidders' depository accounts will be completed within 9 working days of the Bid/Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the



Allotment letters or refund orders have not been dispatched to the applicants or if in the case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 10 working days from the Bid/ Issue Closing Date.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a 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 centre's will be payable by the Bidders.

Undertaking by our Company

Our Company undertake as follows:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading
- at all the Stock Exchange where the Equity Shares are proposed to be listed within 12 working days of the Bid/Issue Closing Date;
- That the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading "Mode of Making Refunds" in the section "Issue Procedure" on page 225 of this Draft Red Herring Prospectus 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 10 working days of the closure of Issue, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
- That the certificate of securities / refund orders to the Eligible NRIs or FIIs shall be dispatched within specified time;
- That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount (ASBA) applications and to consider them similar to non-ASBA applications while finalizing the basis of allotment;
- That no further Issue of Equity Shares shall be made until the Equity Shares issued through this DRHP are listed or until the Bid monies are refunded on account of non-listing, under subscription etc;
- At any given time there shall be only one denomination for the shares of our Company;
- Our Company shall comply with such disclosures and accounting norms as specified by SEBI from time to time.

Utilization of Issue Proceeds

Our Board of Directors certify 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 sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;



SECTION XI - RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

FOREIGN INVESTMENT IN INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of the FEMA read with the applicable FEMA Regulations and the FDI Policy issued by the Department of Industrial Policy & Promotion, Government of India (Circular 1 of 2010, with effect from April 1, 2010). Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. FEMA regulates the precise manner in which such investment may be made. Unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment limit is allowed up to 100% under automatic route in our Company.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid cum Application Form, the OCB shall be eligible to be considered for share allocation.

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.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The above information is given for the benefit of the Bidders. Our Company and the BRLMS are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft 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.

SECTION XII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

The Authorized capital of our Company is Rs. 35,00,00,000 divided into 3,50,00,000 Equity Shares of Rs.10 each.

SHARE CAPITAL

2. The authorized Share capital of the Company shall be such amount and be divided into such Shares as may, from time to time, be provided in clause V of the Memorandum of Association.
3. The Board may from time to time, with the sanction of the Company in a General Meeting by ordinary resolution increase the authorized Share capital of the Company by such sum, to be divided into Shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given as the Board may determine.
4. The Company may, subject to the provisions of the Act reduce in any manner, from time to time,
 - a. by Special Resolution its Share capital;
 - b. any capital redemption reserve fund or any securities premium account.
5. Subject always to the provisions of these Articles, the Shares shall be under the control of the Board of Directors and the Board may allot, grant, have option over or otherwise deal with or dispose of them to such Person at such times and generally on such terms and conditions, as Board feels proper.
6. Subject to the provisions of these Articles, the Company shall have power to alter the conditions of the Memorandum relating to Share capital as follows, that is to say it may -
 - (a) increase its Share capital by such amount as it thinks expedient by issuing new Shares;
 - (b) consolidate and divide all or any of its Equity Share capital into Shares of larger denomination than its existing Shares;
 - (c) sub-divide its Equity Shares or any of them into Shares of smaller amount than is fixed by the Memorandum in such manner that after 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;
 - (d) cancel any 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 Equity Share capital by the amount of the shares as cancelled, provided, however, that the cancellation of Shares in pursuance of the exercise of this power shall not be deemed to be a reduction of Share capital within the meaning of the Act.

SHARES

7. Subject to the provisions of the Act, Applicable Law and these Articles, the Board may issue, allot or otherwise dispose of the shares to such Persons, in such proportion and on such terms and conditions, either at a premium or at par or (subject to the compliance with the provision of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in a General Meeting to give to any Person or Persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board 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 that option or right to call for Shares shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.
8. An 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 agrees to accept in writing the Shares and whose name is entered on the register of Members shall for the purpose of these Articles, be a Shareholder.
9. If by the conditions of allotment of any Shares, the whole or a part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the Person who, for the time being and from time to time shall be the registered holder of the Shares of his heirs, executors, administrators and legal representatives.
10. Every Member or his heirs, executors, assignees or other representatives 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 Company's regulations require or fix for the payment thereof and so long as any monies are due, owing and unpaid to the Company by any Member on any account. However, such Member in default shall not be entitled at the option of the Board, to exercise any rights or privileges available to him.
11. If any Shares stand in the name of two or more Persons, the one first named in the register of Members shall as regards receipt of dividend bonus or service of notice 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 joint – holder of Shares shall be severally as well as jointly liable for the payment of the instalments and calls in respect of such Shares and for all incidents thereof according to the Company's regulations.

TERM OF ISSUE OF DEBENTURES

12. Any Debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with a right of conversion into or allotment of Shares shall be issued only with consent of the Company in General Meeting by Special Resolution.

REDEEMABLE PREFERENCE SHARES

13. Subject to the provisions of the Act, the Company shall have the power to issue preference Shares, which are liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

COMMISSION AND BROKERAGE

14. The Company may, subject to the compliance with the provision of the Act, exercise the power of paying commission.
15. The Company may pay on the issue of Shares or Debentures, such brokerage as may be lawful.

CALLS

16. The Board may, from time to time and subject to the terms on which any Shares 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 monies 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 times and places appointed by the Board. A call may be made payable by instalments.
17. Fifteen days notice in writing of any call shall be given by the Board specifying the time and place of payment, and the Person or Persons to whom such call shall be paid.
18. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
19. A call may be revoked or postponed at the discretion of the Board.
20. The option or right to call of Shares shall not be given to any Person except with the sanction of the Company in a General Meeting.
21. The joint-holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
22. 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 who, the Board may deem fairly entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour.
23. If any Member fails to pay any call 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, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.
24. Any sum, which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.
25. On the trial or hearing of any action or suit brought by the Company against any Member or his 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, at or subsequent to the date at which the 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 used in pursuance of these Articles and that 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 duly convened or constituted nor any other matters

whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

26. Neither 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.
27. The Board may, if they think fit, subject to the provisions of the Act, agree to and receive from any Member willing to advance the same, whole or any part of the monies due upon the Shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof, as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made. The Company may pay interest at such rate as the Member paying the sum in advance and the Board agree upon, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable. The provision of this Article shall *mutatis mutandis* apply to the calls on Debentures.

BUYBACK OF SHARES

28. Subject to the provisions of the Act, the Company is authorized to buy back the Company's Shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any Shares or other specified securities, provided that no buy -back of any kind of Shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of Shares or the same kind of other specified securities.

FORFEITURE OF SHARES

29. The notice aforesaid shall:
 - (a) name further day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid; and
 - (b) state that in the event of non-payment on or before the day so named at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.
30. If the requirements of any such notice as aforesaid are not complied with, any Shares, in respect of which the notice has been given, may, at any time thereafter before the payment required by the notice has been made, be forfeited by the resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.
31. When any Shares 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, 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.
32. Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off on such terms and in such manner, as the Board may think fit.
33. At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms, as it thinks fit.

34. A Person, whose Shares have been forfeited, shall cease to be the Member in respect of the forfeited Shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies, all calls, or installment, interest and expenses, owing in respect of such Shares at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof, to any party thereof, without any deduction or allowance for the value of the Shares at the time of forfeiture, but shall not be under any obligation to do so.
35. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.
36. A duly verified declaration in writing that the declarant is a Director of the Company, and that certain Shares in the Company have been duly forfeited 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 and such declaration and the receipt of the Company for the consideration, if any, given for the Shares on the sale/ or disposition thereof shall constitute a good title to such Shares; and the Person to whom any such Share as sold shall be registered as the Member in respect of such Share and shall not be bound to see to the application of the purchase money, nor shall his title to such Share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.
37. 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 relative 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 Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the Person or Persons, entitled thereto.

TRANSFER OF SHARES

38. There shall be a common instrument of transfer which shall be in writing and all the provisions of Section 108 of the Act and of any statutory modification thereof for the time being, shall be duly complied with in respect of all transfer of Shares and the registration thereof.
39. Every instrument of transfer duly stamped must be accompanied by the certificate of Shares proposed to be transferred and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the Shares.
40. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
41. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such Share until the name of the transferee shall have been entered in the register of Members in respect thereof. The Board shall not issue or register a transfer of any Share in favour of a minor (except in cases when they are fully paid up).
42. The Board shall have power on giving seven days previous notice by advertisement in any Hindi and English newspapers of reasonable large circulation circulating in the district in which the Registered Office is situated, to close the transfer books, the register of Members 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 in each year, as it may deem expedient.
43. 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 Persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred 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 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 any such notice and give effect thereto, if the Board shall so think fit.

44. Notwithstanding anything stated elsewhere in these Articles, the Directors shall be entitled to take all necessary steps to ensure compliance with Applicable Law and subject to the provisions the Act, provisions of the Securities Contracts (Regulation) Act, 1956 and the other provisions of Applicable Law, the Board may, at its own absolute and uncontrolled discretion and by giving reasons, inter alia, decline to register or acknowledge any transfer of Shares whether fully paid or not. The right of refusal of the Board shall not be affected by the circumstances that the proposed transferee is already a Member of the Company, but in such cases the Board shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a 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 lien on Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.
45. The Company shall keep at its Registered Office the register of Members and therein shall firmly and distinctly enter the particulars of every transfer or transmission of Shares. Subject to the provisions of the Act, the Board shall have power to close the register of Members for such periods, not exceeding forty five days in aggregate in a year and thirty days at any one time, as may seem expedient to them.

DEMATERIALISATION OF SECURITIES

46. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
 - a) The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
 - b) Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities 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 the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a Person opts to hold his securities with the 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.
 - c) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.
 - d) (i) 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 of the Company on behalf of the Beneficial Owner.
 (ii) Save as required by the Applicable Law, 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.

(iii) Every Person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a Member of the Company.

- e) Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company 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.
- f) Nothing contained in the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- g) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- h) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.
- i) The register of Members and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles.

TRANSMISSION OF SHARES

47. Every holder of Shares in, or 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 death of such holder. Where the Shares in, or Debentures of the Company are held by more than one Persons jointly, the joint holders may together nominate, in the prescribed manner, a Person to whom all the rights in the Shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.

Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such Shares in or Debentures of the Company, where a nomination made in the prescribed manner 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 Shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the 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 provisions of the Act.

48. Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any Person to become entitled to the Shares in or Debentures of the Company, in the event of his death, during the minority.
49. Any Person who becomes a nominee by virtue of the provisions of these Articles upon 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 Debentures, as the case may be;

- b) to make such transfer of the Shares or Debentures, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made; or
 - c) if the nominee, so becoming entitled, elects himself to be registered as holder of the Shares or Debentures, 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 death certificate of the deceased Shareholder or Debenture holder and the certificate(s) of Shares or Debentures, as the case may be, held by the deceased in the Company.
50. Subject to the provisions of the Act and these Articles, the Board may register the relevant Shares or Debentures in the name of the nominee of the transferee as if the death of the registered holder of the Shares or Debentures had not occurred and the notice or transfer were a transfer signed by that Shareholder or Debenture holder, as the case may be.
51. A nominee on becoming entitled to Shares or Debentures by reason of the death of the holder, or joint holders shall be entitled to the same dividend 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 as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a Member or Debenture holder in relation to Meetings of the Company.
52. The Board may, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the Shares or Debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other monies payable or rights accrued or accruing in respect of the relevant Shares or Debentures, until the requirements of the notice have been complied with.
53. Subject to the provisions of 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 presents, 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 of his title, act, 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 to 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.
54. A Person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinbefore provided, be entitled to receive and may give discharge for any dividends or other monies payable in respect of the Share.

FURTHER ISSUE OF SHARES

55. Where at the 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 allotment of further Shares either out of the unissued capital or out of the increased Share capital then:
- (a) Such further Shares shall be offered to the Persons who at the date of the offer, are holders of the Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on these Shares at the date;
 - (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen days from the date of the offer and 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 them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Board may decline, without assigning any reason to allot any Shares to any Person in whose favour any Member may renounce the Shares offered to him;

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the Person to whom such notice has been given that he declines to accept the Shares offered, the Board may dispose of them in such manner and to such Person(s) as they may think, in their sole discretion, fit.

56. Notwithstanding anything contained in Article 55 clause (a) hereof, the further Shares aforesaid may be offered to any Person (whether or not those Persons include the Persons referred to in clause (a) of Article 55 hereof) in any manner whatsoever.

(a) If a Special Resolution to that affect is passed by the Company in General Meeting, or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting by the Members who, being entitled to do so, 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 in this behalf that the proposal is most beneficial to the Company.

57. Nothing in these Articles hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorise 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 or loans raised by the Company;

(i) To convert such Debentures or loans into Shares in the Company; or

(ii) To subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such Debentures or the terms of such loans include a term providing for such option and such term.

(a) Either have been approved by the Central Government before the issue of the Debentures, or the raising of the loans is in conformity with rules, if any, made by that Government in this behalf; and

(b) Have also been approved by a Special Resolution passed by the Company in General Meeting before the issue of Debentures or raising of loans, in the case of Debentures or loans, other than Debentures issued to or loans obtained from the Government or any institution specified by the Central Government in this behalf.,

LIEN

58. 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 monies (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable

interest in any Shares shall be created except upon the footing and condition that this Article will have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares. Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Board may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause.

CERTIFICATE OF SHARES

59. 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 Board so approves (upon paying such fee as the Board may from time to time 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 one month of the receipt of applications of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate 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 Board may prescribe or approve, provided that in respect of a Share or Shares held jointly by several Persons, the Company shall not be bound to issue and deliver more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all such holders.
60. 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 is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems 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 this Article shall be issued without payment of fees if the Board so decides, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of a 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 or transfer.

 Provided that notwithstanding what is stated above the Board shall comply with such Rules or Regulation 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.
61. The provisions of Articles 59 and 60 shall *mutatis mutandis* apply to Debentures of the Company.

PROCEEDINGS OF GENERAL MEETINGS

62. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. An Annual General Meeting of the Company 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 right conferred upon the Registrar of Companies under the provisions of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in the Registered Office or at some other place within the city in which the Registered Office is situated as the Board may determine and the notices calling the General Meeting shall specify it as the Annual General Meeting. The Company may in any Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the

auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business that concerns him as the auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' report (if not already attached to the Audited statement of Accounts), the proxy register with proxies and the register of Directors' share holdings, of which the latter register shall remain open and accessible during the continuance of the General Meeting. The Board shall cause to be prepared the annual list of Members, summary of the share capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar of Companies in accordance with the provisions of the Act.

63. 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 Capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
64. Any valid requisition so made by Members must state the objects of the Meeting proposed to be called and must be signed by the requisitionists and be deposited at the Registered Office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.
65. Upon the receipt of any 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 Registered 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 represents either a majority in value, of the paid-up share capital of the Company as is referred to in 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.
66. Any Meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which General Meetings are to be called by the Board.
67. Twenty-one days' notice at least or a shorter notice thereof subject however to the provisions of the Act of every General Meeting, Annual or Extraordinary and by whosoever called, specifying the day, place and hour of the Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such Persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other Meeting, with the consent of Members holding not less than 95 percent of such part of the Paid Up Capital of the Company as gives a right to vote at the Meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than
 - a) the consideration of the accounts, balance sheets and reports of the Board of Directors and auditors,
 - b) the declaration of dividend,
 - c) the appointment of Directors in place of those retiring,
 - d) the appointment of and fixing of remuneration of the auditors,

is proposed to be transacted then in that event there shall be annexed to the notice of the General Meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every Director, and the manager (if any).

Where any such item of special business relates to or affects any other company, the extent of shareholding interest in other company of every Director and the manager, if any, of the

Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

68. The accidental omission to give any such notice as aforesaid to any of the Members or the non receipt thereof shall not invalidate the holding of the General Meeting or any resolution passed at any such General Meeting.
69. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
70. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with the Act.
71. The Executive Chairman shall be entitled to preside as Chairman at every General Meeting, whether Annual or Extraordinary. If at any meeting of the Board the Executive Chairman is not present within fifteen minutes after the time appointed, for holding the meeting, the Directors present shall choose one of their members to be the Chairman of such meeting.
72. The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place in the city in which it is held 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. When a Meeting is adjourned for more than thirty days, notice of the adjourned Meeting shall be given as in the case of an original Meeting. Save as aforesaid, it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned Meeting.
73. At any General Meeting a resolution put to vote at the Meeting shall be decided on a show of hands, unless a poll is before or on the declaration of the result of the show of hands, demanded by at least five Members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the Meeting or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy and holding Shares in the Company conferring a right to vote on the resolution, being Shares on which an aggregate sum has been paid-up on all the Shares conferring that right and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands, been 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 the resolution.
74. If a poll is demanded as aforesaid, the same shall, subject to these Articles be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Registered Office is for the time being situated and either by open voting or by 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 resolution of the General Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.
75. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinisers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Member (not being an officer or employee of the Company) present at the Meeting provided such 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 scrutinizer from office and fill vacancies in the office of scrutinizer from such removal or from any other cause.
76. Any poll duly demanded on the election of Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.

77. The demand for a poll except on the questions 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.
78. Subject to the Articles for the time being in force, the quorum for a General Meeting shall be five Shareholders present in Person or by attorney. If the quorum is not present within half hour of the scheduled time for holding of the General Meeting, the Meeting shall be adjourned for two weeks and reconvened at the same time of the day and place and if such day is a public holiday then to the immediately succeeding day which is not a public holiday, and if at such rescheduled Meeting is not present within thirty minutes of the time appointed for the Meeting, the Shareholders present, being not less than the quorum, if any, prescribed under the Act, shall form the quorum for the General Meeting.

VOTING RIGHTS

79. No Member shall be entitled to vote either personally or by proxy/attorney, at any General Meeting or meeting of a class of Shareholders, either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or, shares with regard to which the Company has, and has exercised any right of lien.
80. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of Shares forming part of the capital of the Company, every Member not disqualified by the last preceding Article shall be entitled to be present in person or by proxy or by attorney and to speak and vote at such Meeting, and on a show of hands every Member present in person or through attorney shall have one vote and upon a poll the voting rights of every Member present in person or by proxy or by attorney shall be in proportion to his Shares of the Paid-Up Capital of the Company. Provided, however, if any preference Shareholder be present at any Meeting of the Company, save as provided, in the provisions 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.
81. On a poll taken at Meeting of the Company, a Member entitled to more than one vote, or his proxy or other Person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he used or may abstain from voting.
82. A Member of unsound mind, in respect of whom an order has been made by any court having jurisdiction, may vote whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy.
83. If any Member be a minor, the vote in respect of his Share or Shares shall be exercised by his guardian, or any of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.
84. If there be joint holders of any Shares, anyone of such Person may vote at any Meeting or may appoint another Person (whether a Member or not) as his proxy or attorney in respect of such Shares. 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 on the register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other joint-holder(s) 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 to be deemed joint holders thereof.
85. Subject to the provisions of these Articles, votes may be given either personally or by proxy or by attorney. A body corporate being a Member may vote either by a proxy or by a representative duly authorised in accordance with the provisions of the act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents, in such manner as the

body corporate would exercise if it were an individual Member.

86. Any Person entitled to transfer any Shares 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 at least forty eight hours 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 Directors of his right to transfer such Shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.
87. 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 any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.
88. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.
89. A Member present by proxy shall be entitled to vote only on a poll.
90. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarized copy of that power or authority shall be deposited at the Registered 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. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
91. Every instrument of proxy whether for a specified Meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in the Act.
92. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy, or 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 or insanity, revocation or transfer shall have been received at the Registered Office before the Meeting.
93. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy or by attorney, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
94. Notwithstanding anything contained in the foregoing, the Company shall transact such business, as may be specified by the Central Government from time to time, through the means of postal ballot. In case of resolutions to be passed by postal ballot, no Meeting needs to be held at a specified time and space requiring physical presence of Members to form a quorum. Where a resolution will be passed by postal ballot the Company shall, in addition to the requirements of giving requisite notice, send to all the Members the following:
 - a) Draft resolution and relevant explanatory statement clearly explaining the reasons thereof.
 - b) Postal ballot for giving assent or dissent, in writing by Members and
 - c) Postage prepaid envelope (by registered post) for communicating assents or dissents on the postal ballot to the Company with a request to the Members to send their communications within thirty days from the date of dispatch of notice.

95. The Company shall also follow such procedure, for conducting vote by postal ballot and for ascertaining the assent or dissent, as may be prescribed by the Act and the relevant Rules made there under.
96. 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 of the validity of every vote tendered at such poll.

MINUTES

97. The Board shall respectively cause minutes of all proceedings of General Meetings and of all proceedings at meetings of the Board or of the committees of the Board, to be duly entered in Books to be maintained for that purpose in accordance with the provisions of the Act.
98. The minutes of each meeting shall contain:
 - (a) The fair and correct summary of the proceedings thereat
 - (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of such meeting in such Books shall be dated and signed by the Chairman of the same meeting or in the event of the death or liability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
 - (c) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
 - (d) The names of the Directors present at the meeting, in case of a meeting of the Board or a committee of the Board.
 - (e) The names of the Directors, if any, dissenting from or not consenting to the resolution, in the case of each resolution passed at the meeting of the Board or a committee of the Board.
 - (f) All appointments of officers made at any meeting.
 - (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 and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

CONSTITUTION OF THE BOARD AND BOARD MEETINGS

99. Except as otherwise required by the Articles, all resolutions and decisions of the Board shall be by vote of a majority of the Directors present at a duly convened meeting of the Board. Except as otherwise required by these Articles or the Act, any action which can be taken by the Board at a duly convened meeting may also be taken by a resolution by circulation as provided in Article 106(v) below.
100. General Powers
 - (i) The property, business and affairs of the Company shall be managed exclusively under the supervision and direction of the Board save and except as the Applicable Law and these Articles may otherwise provide or allocate responsibility for any matter to any Shareholder or Director or any other Person. The Board may exercise

all such powers of the Company and have such authority and do all such lawful acts and things as are permitted by Applicable Law and the Company's Memorandum of Association and these Articles.

- (ii) Subject to the Applicable Law and the Articles of Association, the Board shall be entitled to delegate such of its powers and functions to such of its committees, Director(s) or officers of the Company as the Board may in its sole discretion deem appropriate.

101. Constitution of the Board

- (i) Until otherwise determined by a General Meeting of the Company, the number of Directors (excluding Debenture and alternate Directors, (if any) shall not be less than three nor more than twelve.
- (ii) The first Directors of the Company shall be the following persons

1) Sri LALITH KUMAR RAMANI

2) Sri RAMESH KUMAR RAMANI

3) Sri NITESH KUMAR RAMANI

4) Smt VIMALA R RAMANI

5) Smt VIJAYA L. RAMANI

- (iii) If at any time the Company obtains any loan or any assistance in connection there with by way of guarantee or otherwise from any person, firm, body corporate, local authority or public body (hereinafter called "the institution") or if at any time the Company issues any Shares or Debentures and enters into any contract or arrangement with the institution, whereby the institution subscribes for or underwrites the issue of the Company's Shares or Debentures or provides any assistance to the Company in any manner and it is a term of the relative loan, assistance, contract or agreement that the institution shall have the right to appoint one or more directors to the Board of the Company, subject to the terms and conditions of such loan, assistance, contract or arrangement, the institution shall be entitled to appoint one or more director or directors, as the case may be, to the Board of the Company and to remove from office any director so appointed and to appoint another in his place or in the place of the director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be served at the Registered Office. The director or directors so appointed shall not be liable to retire by rotation and shall continue in the office for so long as the relative loan, assistance, contract or arrangement, as the case may be, subsists.
- (iv) If it is provided by the trust deed, securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of debenture, the person or persons having such power may exercise such power from time to time and appoint a director accordingly. Any director so appointed is herein referred to as "Debenture Director". A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another director maybe appointed in his place. A Debenture Director shall not be liable to retire by rotation and shall continue in the office for so long as the debentures are not redeemed.

- (v) If the Company at any time has a minimum paid up capital of Rupees five crores or such sum as may be prescribed and at least one thousand or more small shareholders, then the Company may, *suo motu* or upon requisition of not less than one-tenth of the total number of small shareholders, proceed to appoint a nominee from amongst the small shareholders as a Director of the Company. The small shareholders' director shall before his appointment, file his consent, to act as a director, in writing to the Company and the tenure of such appointment shall be three years at a time without retirement by rotation, but shall be eligible for reappointment for another tenure. He shall, however, not be appointed as Managing Director or whole time director under any circumstances and shall be subject to the same disqualifications and shall vacate his office on the same grounds as are applicable to other Directors, in pursuance of these presents and the subject to the provisions of the Act. The Company shall follow such rules as may be prescribed by the Central Government in this behalf.

No small shareholders' director appointed in accordance with the provisions of this Article shall hold office at the same time as small shareholders' director in more than two companies.

Provided that the number of Director's liable to retire by rotation shall not be less than two-thirds of the total number of Directors.

- (vi) In case the Company obtains any loans/other facilities from Financial Institution(s) and it is a term thereof that the said Financial Institution(s) shall have a right to nominate one or more Directors, then subject to such terms and conditions as may be agreed upon, the said Financial Institution(s) shall be entitled to nominate one or more Directors, as the case may be, on the Board of Directors of the Company and to remove from office any such Directors so appointed and to nominate another in his place or in place of the Director so appointed who resigns or otherwise vacates his office. Any Director so appointed shall not be liable to retire by rotation. Any such nomination shall be in writing and shall be signed by the authority so appointing or by the person duly authorised by it and shall be served at the Registered Office.

102. Additional Directors

Subject to Applicable Law and these Articles, the Board shall have power, at any time and from time to time, to appoint any Person as a Director as an addition to the Board, but so that the total number of Directors shall not, at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company but shall be eligible for re-election at such Meeting.

103. Alternate Directors

If any Director is reasonably expected to be or is absent for a period of not less than three calendar months from the state in India where the meetings of the Board are ordinarily held, at the request of the Shareholder, who has nominated such Director and failing such request from such Shareholder, at the request of such Director, the Board shall, at a meeting of the Board or by circulation of a written resolution of the Board in accordance with Applicable Law, appoint, subject to provisions of the Act, an individual as an alternate Director to such Director (the "**Alternate Director**"). The Alternate Director shall be an individual, and the Shareholders shall cause their nominees on the Board to approve the appointment of such individual as an Alternate Director. An Alternate Director so appointed shall vacate office if and when the absentee Director returns to the state in which meeting of the Board are ordinarily held or the absentee Director vacates office as a Director

104. Removal of Directors

- (i) The office of a Director shall *ipso facto* be vacated if:
- (a) he fails to obtain within two months after appointment as director, or at any

time thereafter ceases to hold, the Share qualification, if any, necessary for his appointment; or

- (b) he is found to be unsound mind by a court of competent jurisdiction; or
 - (c) he has applied to be adjudicated as an insolvent and his application is pending;
 - (d) he is adjudged insolvent; or
 - (e) he is convicted by a court in India of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (f) he fails to pay any call in respect of Shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call; or
 - (g) he absents from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board; or
 - (h) he, whether by himself or by any person for his benefit or on his account, or any firm of which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of the provisions of the Act; or
 - (i) he acts in contravention of any of the provisions of the Act; or
 - (j) he has been disqualified by an order of a court of competent jurisdiction under the provisions of the Act; or
 - (k) by notice in writing to the Company that he resigns his office; or
 - (l) any office or place of profit under the Company or under any subsidiary of the Company, is held in contravention of the Act and by operation of that section he is deemed to vacate the office.
- (ii) Notwithstanding any matter or thing in Articles 104 (i) (d), (e) and (j), the disqualification referred to in those sub-clauses shall not take effect:
- (a) for thirty days from the date of adjudication sentence or order; or
 - (b) where an appeal or petition is preferred, within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
 - (c) where within the seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal or petition is disposed of.
- (iii) Each of the Shareholders having the right under these Articles to appoint a nominee Director shall be entitled to require removal of any or all of its nominee Directors on the Board and to have another or others of its choice nominated for appointment in the place of such removed Directors. For effecting the removal of any of its nominee Directors by a Shareholder, such Shareholder shall, only by written instructions addressed to the Board and other Shareholders, duly signed by an authorised representative of such Shareholder, requisition a General Meeting of the Company,

and upon receipt of such notice, the Board shall promptly convene a General Meeting of the Company for the removal of such nominee Director.

105. Casual Vacancies

Any casual vacancies occurring on the Board, including, but without limitation, as a result of death, resignation, removal or incapacity of any Members of the Board, shall be filled by the Board at a meeting in accordance with the Applicable Law, in accordance with the nomination made by the concerned Shareholder. The individual so appointed to fill such vacancy shall be an Individual nominated by the Shareholder that had nominated the Director whose position is to be filled, and such individual shall hold office until the date on which the Director in whose vacancy he is appointed would have held office had the vacancy not occurred.

106. Board Meetings

i) Meeting of Directors

The Directors shall meet together least once in every three months for the despatch of business and may adjourn and otherwise regulate their meeting and proceedings as they think fit, provided that at least four such meetings shall be held in a year. Notice of every meeting of the Board shall be given in writing to every Director whether within or outside India. Such notice shall be accompanied by the agenda setting out the business proposed to be transacted at such meeting of the Board.

ii) Meeting through video conferencing or tele-conferencing

Subject to the applicable provision of Companies Act, 1956 or any other applicable provision as may be stipulated by the regulated authorities, the company shall have power to hold the meeting of the Board and committees thereof through video conferencing or tele-conferencing.

iii) Quorum for Board Meeting

No business shall be transacted at any Board meeting unless a quorum is present at the meeting. In the first instance the quorum for meetings of the Board shall be at least one-third of the Board, subject to provisions of the Act. If within half an hour from the time appointed for a meeting, a quorum as aforesaid is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other later day and at such other time and place as the Chairman may determine. If at such adjourned meeting also, a quorum is not present, the meeting shall stand adjourned for a further half an hour and if the quorum as aforesaid is still not present but the Directors present are at least one-third of the Board, they shall constitute a quorum.

(iv) Voting

Except as otherwise required by, the Articles of Association or the Act, all resolutions and decisions of the Board shall be by vote of a majority of the Directors present at a duly convened meeting of the Board. Except as otherwise required by the Articles of Association or the Act, any action which can be taken by the Board at a duly convened meeting may also be taken by a resolution by circulation as provided in Article 106 (v) below.

(v) Board Resolutions by Circulation

Subject to the Applicable Law, a written resolution that has been circulated in draft to all Directors (together with the necessary documents, if any) and signed by a majority of Directors shall be a valid and effectual as if it is a resolution passed at a duly

convened Board meeting. For the purposes of this Article “**signed**” shall include signature transmitted through facsimile.

107. Subject always to Applicable Law and these Articles, such of the Directors, as the Board may decide, may be paid such remuneration as may be decided by the Board for services rendered. Such remuneration may be either a fixed salary or a percentage of net profits or partly in one form and partly in the other and may also provide for perquisites to the Directors like food, medical benefit, club and school fee etc. Further, the non-executive Directors may be paid sitting fees for attending the meeting of the Board or any committee thereof, as may be decided by the Board, for services rendered.
108. In addition to the above remuneration and perquisites payable to them the Directors may be paid all travelling, hotel and other expenses actually incurred by them in connection with their travel from and to their usual residence or from any other place where they might be present at the relevant time to attend the meeting of the Board of Directors or any committee thereof or to attend to some other business of the Company.
109. The continuing Directors may, notwithstanding any vacancy in the Board but so long as their number is not reduced below the number fixed as the necessary quorum for a meeting, increase the number of Directors or for the purpose of summoning a General Meeting of the Company, but for no other purpose.
110. The Board shall exercise the following powers on behalf of the Company only by means of resolutions passed at meetings of the Board:-
- (i) the power to make calls on Shareholders in respect to money unpaid on their Shares.
 - (ii) the power to issue Debentures.
 - (iii) the power to borrow monies otherwise than on Debentures.
 - (iv) the power to make loans.
111. The Board may, from time to time and subject to the restrictions contained in the provisions of the Act, delegate to a committee or committees consisting of one or more Directors or to managers, secretaries, officers, assistants and other employees or Persons, any of the powers, authorities and discretion for the time being vested in the Directors and may, at any time revoke such powers, authorities and discretions.
112. Subject to provision of these Articles all deeds agreements and documents and all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted or endorsed by the Persons authorised by the Board in this behalf.
113. Subject to the provisions of the Act, no Director shall be disqualified, by virtue of his office, for contracting with the Company, either as vendor or purchaser or otherwise, nor shall any Contract or arrangement entered into by or on behalf of the Company with a Director or any Company or partnership firm in which a Director is a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized from any such Contract or any arrangement by reason only of such Director holding that office or of the fiduciary relationship thereby established, provided that he shall disclose the nature of his interest at the meeting of the Board at which the Contract or arrangement is determined, if his interest then exists or in any other case at the first meeting of Board after the acquisition of his interest.
114. A general notice that the Director is a member of a specified firm or company shall, as regards any such transaction be sufficient disclosure under this Article and after such general notice it shall not be necessary for the interested Director to give any special notice relating to any particular transaction with such firm or company.

EXECUTIVE CHAIRMAN

115. The Executive Chairman of the Company, and shall not be liable to retire by rotation.

116. Subject to provisions of the Act, the Board may entrust to and confer upon the Executive Chairman any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw, alter, or vary all or any of such powers.

MANAGING DIRECTOR AND WHOLETIME DIRECTORS

117. Subject to Applicable Law and provisions hereof, the Board of Directors may, appoint one or more Directors as the Managing Director (the “MD”) (by whatever name called) for the management of the Company’s affairs, for such period and on such terms as they think fit. His appointment shall be automatically terminated if he ceases to be Director. His remuneration shall be decided by the Board of Directors from time to time.
118. The term of office of the MD shall be determined by a resolution of the Board but in no event shall the term be longer than 5 years, subject however, to renewal at the end of each such term. Subject to Section 292 of the Act, and these Articles the Board may entrust to and confer upon the MD any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw, alter, or vary all or any of such powers.

BORROWING POWERS

119. Subject always to the provisions of the Act, and these Articles, the Board of Directors may from time to time guarantee, raise or borrow any sums of money for and on behalf of the Company from the Members or from other Persons, companies or banks or financial institutions or the Directors may themselves advance money to the Company on such terms and conditions as may be approved by the Board of Directors provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceed the aggregate for the time being of the Paid Up Capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.
120. Subject to the provisions of Applicable Law and these Articles, the Board of Directors may from time to time secure the payment of such money in such manner and upon such terms and conditions as they think fit and in particular by the issue of Debentures or bonds of the Company or by mortgage or charge on all or part of the properties of the Company.
121. Any Debentures, bonds or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) the General Meeting and appointment of Directors. Provided that Debentures with a right of conversion into or allotment of Shares shall be issued only with sanction of the Company in General Meeting.
122. Save as provided in the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the Debentures.
123. If the Board refuses to register the transfer of any Debentures, the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor the notice of such refusal.
124. The Board shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company, and shall cause the requirements of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board.

125. The Company shall, if at any time it issues Debentures, keep the register and index of Debenture holders in accordance with 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.

COMMON SEAL

126. The Board of Directors shall provide a common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of a resolution of the Board of Directors or a Committee of the Board of Directors.
127. Every deed or other instrument to which the Seal of the Company is required to be affixed shall be signed by a Director and either by the Secretary or by any other Person authorized by the Board of Directors; Provided nevertheless, that certificates of Shares shall be signed in accordance with the Companies (Issue of Share certificate) Rules, 1960 and certificates of Debentures may be signed by one Director, whose signatures on such certificates of Shares or Debentures, when so authorized by the Board of Directors may be affixed and reproduced by mechanical means.

DIVIDENDS AND RESERVES

128. The profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the Members in proportion to the amount of capital paid-up on the Shares held by them respectively.
129. Subject to the provisions of these Articles, the Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board of Directors but the Company in General Meeting may declare a smaller dividend.
130. Any General Meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes. If the call on each Member does not exceed the dividend payable to him and the call is made payable at the same time as the dividend, the dividend may, if so arranged between the Company and the Member, be set off against the call.
131. No dividends shall be paid otherwise than in cash or out of the profits of the year or any other undistributed profits of earlier years and no dividends shall carry interest as against the Company. The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive.
132. Subject to the provisions of these Articles, the Board of Directors may, from time to time, pay to Members such interim dividends as appear to be justified by the profits of the Company.
133. (i) Subject to the rights of Persons if any, entitled to Shares with special rights as to dividends, it shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividends are paid.
- (ii) No amount paid or credited as paid on Shares in advance of calls shall be treated for the purposes of this Article as "paid on the Share".
- (iii) 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 dividends are paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

134. The Board of Directors may, from time to time, before recommending any dividend, set apart such portion of the profits of the Company as they think fit as a reserve fund, equalization fund or depreciation fund to meet contingencies or for the liquidation of any Debentures, debts or other liabilities of the Company or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the Company as the Board of Directors in their absolute discretion think prudent and may invest the sum so set aside in such manner as they may think fit.

The Board of Directors may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.
135. The Board of Directors may retain any dividend or other monies payable in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
136. 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 the Financial Year or years.
137. If the Company has incurred any loss in any previous Financial Year or years, the amount of the loss or any 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 or the Company in 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 the Act, or against both.
138. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
139. A transfer of Shares shall not pass the right to any dividend thereon before the registration of the transfer.
140. Any dividend, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant or by a pay order or receipt having the force of a cheque or warrant, sent through internationally or nationally recognized courier service providers, to the registered address of the Members or Person entitled or in case of joint Shareholders to the registered address of that one of the joint Shareholders who is first named on the register of Members or to such Person and to such address as the Shareholders of the joint Shareholders may in writing direct. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent. The Company shall not be liable or responsible for any cheque warrant, pay order or receipt lost in transmission or for any cheque or warrant or the forged signature of any pay order or receipt or the fraudulent recovery of the dividend by any other means.
141. Any one of two or more joint holders of a Share may give effectual receipts for any dividends or other monies payable in respect of such Share.
142. No Member shall be entitled to receive payments of any interest or dividend in respect of his Share or Shares, while any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise howsoever, either alone or jointly with any other Person or Persons and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company.
143. Where the Company has declared a dividend which has not been paid or the dividend warrant in respect thereof has not been posted within thirty days from the date of declaration to any Shareholder entitled to the payment of the dividend the Company shall within seven days from the date of expiry of the said period of thirty days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of [•]" 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.

144. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as the Investor Education and Protection Fund established under the provisions of the Act. A claim to any money so transferred to the Investor Education and Protection Fund may be preferred to the Central Government by the Shareholders to whom the money is due.
145. No unclaimed or unpaid dividend shall be forfeited by the Board.

ACCOUNTS

146. The Board shall cause proper Books to be maintained as per the provisions of the Act.
147. (i) No Member (not being a Director) shall have any right of inspecting any Books of the Company except as conferred by law or as authorized by the Board of Directors.
- (ii) The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the Books of the Company shall be open to the inspection of Members, not being Directors.
148. The Board shall lay before each Annual General Meeting duly audited profit and loss account for the Financial Year and the balance sheet made up to the end of that year.
149. The Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the audited accounts of the Company, of any Financial Year which have been laid before the Company in General Meeting. The amendments to the accounts effected by the Directors pursuant to these Articles shall be placed before the Members in the General Meeting for their consideration and approval.

AUDITOR

150. Statutory auditors shall be appointed and their rights and duties regulated in accordance with the provisions of the Act.
151. The remuneration of the auditors shall be fixed by the Company in a General Meeting or by the Board, if so decided at the General Meeting.

CAPITALISATION OF PROFITS

152. (i) The Company in General Meeting may, upon the recommendation of the Board, resolve that it is desirable to capitalize whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account or to credit to the profit and loss account, and available for dividend or representing premiums received on the issue of Shares and standing to the credit of the Securities Premium Account be capitalized and distributed amongst such of the Members as would be entitled to receive the same if distributed by way of dividend in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such Members in paying up in full any unissued Shares, Debentures of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued Shares, so that such distribution or payment shall be accepted by such Members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a Securities Premium Account or a Capital Redemption Reserve Fund may, in accordance with the applicable provisions of the Act for the purposes of this Article, only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.

(ii) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

(a) Paying up any amount for the time being unpaid on any Shares held by such Members;

(b) Paying up in full unissued Shares of the Company to be allotted, distributed and credited as fully paid up;

(c) Partly in the way specified in sub-Article (a) and partly in the way specified in sub-Article (b) above.

(iii) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

153. General Meeting may resolve that any surplus money arising from the realization of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company, be distributed among the Members.

154. The Board shall have power:

(a) to make such provision for the issue of fractional certificates or for payment in cash or otherwise as they think fit, in case shares become distributable in fractions and also:

(b) to accept authorization of any Person to enter on behalf of all the Members entitled thereto, into an agreement with the Company providing for allotment to them respectively as fully paid up of any further shares to which they may be entitled upon such capitalisation or as the case may require for the paying up by the Company on their behalf by the application thereto, their respective proportions of the profits resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on these existing shares.

(c) An agreement as such shall be effective and binding on all such Members.

INSPECTION

155. (a) The Books shall be open for inspection by any Director during business hours.

(b) The Board shall, from time to time, determine whether and to what extent and at what time and place and under what conditions or regulations, the Books of the Company shall be open for the inspection by the Members other than Directors and no Member (not being a Director) shall have any right of inspecting any Books of the Company except as conferred by law or authorized by the Board or by the Company in its General Meeting.

156. Subject to the provisions of the Act, any person, whether a member of the Company or not, is entitled to inspect any register, return certificate, deed instrument or document required to be kept or maintained by the Company on his giving to the Company notice in writing of not less than twenty-four hours, of his intention, be permitted to inspect the same during business hours.

157. The Company may in accordance with the provisions of the Act close the register of members or the register of debenture-holders as the case may be.

INDEMNIFICATION

158. Subject to the provisions of the Act, every Director, Secretary, Executive Chairman, MD, manager or officer of the Company or any Person (whether an officer of the Company or not) employed by the Company as Auditor, ("**Indemnified Person**") shall be indemnified out of

the funds of the Company against all liability incurred by him as such Director, Secretary, Executive Chairman, manager, officer or Auditor in defending himself against any proceedings, whether civil or criminal in which judgment is given in his favour or on which he is acquitted or in connection with any application under Section 633 of the Act, in which relief is granted to him by the court. This clause is subject to the provisions of the Act.

CONFIDENTIALITY

159. Subject to the provisions of the Act and these Articles any Directors or officers of the Company shall be entitled, if he thinks fit, decline to answer any question by third parties concerning the business of the Company on the ground that the answer to such question would disclose or tend to disclose the secret of the Company.

160. No Person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Board or to discover any information respecting any details of the trading of the Company or of any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the business of the Company, which in the opinion of the Board will not be in the interest of the Company to communicate.

SERVICE OF NOTICE AND DOCUMENTS

161. (1) A notice or other document shall be given or sent by the Company to any member either personally or by sending it by post to him to his registered address in India or if he has no registered address in India, by air mail post to the address outside India supplied to the company for the giving of notice to him.

(2) Where notice or other document is sent by post:

(a) **Service thereof shall be deemed to be effected by properly, addressing prepaying and posting a letter containing the notice or document, provided that where a member has intimated to the Company in advance that notice or documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sufficient sum to defray the expenses of doing so, service of the notice or document shall not be deemed to be effected unless it is sent in the manner intimated by the members; and**

(b) Such service shall be deemed to have been effected:

- (i) in the case of notice of meeting at the expiration of forty-eight hours after the letter containing the same is posted, and
- (ii) in any other case, at the time at which the letter would be delivered in the ordinary course of post.

162. If a Member has no registered address in India and has not supplied to the Company an address within India for serving notices to him, a notice or other document advertised in a newspaper circulating in the neighborhood of the Registered Office shall be deemed to be duly served on him on the day on which the advertisement appears. Any notice which may be given by advertisement shall be advertised once in one or more newspapers circulating in the neighbourhood of the Registered Office.

163. A notice or other document may be served by the Company on the joint-holders of a Share by giving notice to the joint-holder named first in the register in respect of the share.

164. A notice or other document may be served by the Company on the Persons entitled to a Share in consequence of the death or insolvency of a Member, by sending it through the post prepaid letter addressed to them by name or by the title of the representative of the deceased or assignee of the insolvent or by like description, at the address in India supplied for the purpose

by the Persons claiming to be so entitled, or until such an address has been so supplied, by giving the notice in any manner in which the same might have been if the death or insolvency had not occurred.

165. Every Person who by operation of law or transfer or other means whatsoever shall become entitled to any Share shall be bound by every notice in respect of such Share, which previously to his name and address being entered on the Register shall have been duly given to the Person from whom he derives his title to such Share.
166. Subject to the provisions of Articles 163 to 168 any notice or document delivered or sent by post to the registered address of any Member in pursuance of these Articles shall, be deemed to have been duly served in respect of any registered Share, whether held solely or jointly and such service shall for all purposes of these presents be deemed a sufficient service of such notice or documents on the heirs, executors or administrators and all Persons, if any, jointly interested in respect of any registered Share.
167. Any notice to be given by the Company shall be signed by the Secretary or by the Director or officer as the Board may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

WINDING UP

168. Subject to the provisions of the Act as to preferential payments, the assets of the Company shall on its winding up be applied in satisfaction of its liabilities *pari passu* and subject to such application, unless the Articles otherwise provide, be distributed among the Members according to their rights and interest in the Company.

AUTHENTICATION OF DOCUMENTS

169. Save as otherwise expressly provided in the Act or these Articles, a document or any resolution passed by the Company or the Board and any Books of the Company requiring authentication by the Company may be signed by a Director, or Secretary or an authorised officer as appointed by the Board, and need not be under its Seal.

LAW AND JURISDICTION

170. (i) The Articles shall be governed by interpreted and construed in accordance with the substantive laws of India, without regard to the conflict of law's provisions thereof.
- (ii) Unless otherwise provided in the Act or any law for the time being in force, only courts in Delhi shall have exclusive jurisdiction on all matters.



SECTION XIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before the Draft Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this Draft Red Herring Prospectus may be inspected at the registered office of our Company from 10:00 am to 5:00 pm on any working day from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Material contracts to the Issue

1. Memorandum of Understanding dated January 21, 2011 entered into between our Company and Karn Merchant Bankers Limited and PNB Investment Services Limited, Book Running Lead Managers to the Issue.
2. Memorandum of Understanding dated January 13, 2011 entered into between our Company and Karvy Computershare Private Limited, Registrar to the Issue.
3. Escrow Agreement dated [●], between our Company, the BRLMs, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] between our Company, BRLMs and Syndicate Members.
5. Underwriting Agreement dated [●] between our Company, BRLMs and Syndicate Members.

Material Documents

1. A Copy of Memorandum of Association and Articles of Association of Ratanchand Jewellers Limited.
2. Copy of Certification of Incorporation.
3. Copy of resolution passed at Board meeting held on October 20, 2010 authorizing issue of equity shares and for convening EGM under section 81 (1A) of Companies Act, 1956 to take shareholders' approval.
4. Copy of Special Resolution passed under section 81 (1A) of the Companies Act, 1956 at their Extra Ordinary General Meeting held on December 02, 2010 authorizing present issue of equity shares.
5. Copy of the Board Resolution dated December 06, 2010 and resolution of the shareholders passed at the Extra ordinary General Meeting dated December 11, 2010 fixing the present term of appointment and remuneration of our Chairman and Managing Director.
6. Copy of the Board Resolution dated December 06, 2010 and resolution of the shareholders passed at the Extra ordinary General Meeting dated December 11, 2010 fixing the present term of appointment and remuneration of our whole-time Director.
7. Copy of resolution passed at the Board Meeting held on February 3, 2011 approving the contents of DRHP.
8. Copies of Annual reports of our Company for the financial years ending on March 31, 2006, 2007, 2008, 2009, 2010 and Audited Financials for the period upto December 31, 2010.
9. Consents of Auditor, Peer Review Auditor, Bankers to our Company, BRLMs, Registrar to the Issue, Domestic Legal Counsel to the Issue, Legal advisor to our Company, Directors of our



Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

10. Copy of certificate dated January 29, 2011 issued by M/s. F.N. Honnabindagi & Co., Chartered Accountants (Peer reviewed auditor) in terms of Part II Schedule II of the Companies Act 1956 including capitalisation statement, taxation statement and accounting ratio for the year ended 31st March 2006, 2007, 2008, 2009, 2010 and 31st December, 2010.
11. Copy of letter dated January 20, 2011 issued by M/s. Hiremath & Co., Chartered Accountants regarding tax benefits accruing to our Company and its shareholders.
12. Copy of deployment fund certificate dated January 25, 2011 received from M/s. Hiremath & Co., Chartered Accountants and Statutory Auditor of our Company.
13. Due Diligence Certificate dated February 4, 2011 to SEBI from BRLMs.
14. Copy of quotations received from suppliers for P&M and Interiors for the Projects.
15. A Copy of Memorandum of Association and Articles of Association of Ratanchand Mines and Minerals Private Limited
16. Copies of Annual reports of Ratanchand Mines and Minerals Private Limited for the financial years ending on March 31, 2009 and 31st March 2010.
17. Copy of Tripartite agreement dated [●] entered into between our Company, NSDL and Registrar to the Issue
18. Copy of Tripartite agreement dated [●] entered into between our Company, CDSL and Registrar to the Issue.
19. Consent of [●], the IPO Grading Agency for inclusion of their report dated [●] in the form and context in which they appear in the Red Herring Prospectus and the Prospectus.
20. In-principle approval received from Bombay Stock Exchange Limited (BSE) vide their letter dated [●].
21. In-principle approval received from National Stock Exchange of India (NSE) vide their letter dated [●].
22. Observation Letter No [●] dated [●] issued by the Securities and Exchange Board of India (SEBI).

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



SECTION – XIV : DECLARATION

We, the Directors, hereby certify and declare that, all relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations / guidelines issued by 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 the Draft 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 there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name	Designation	Signature
Mr. Lalith R. Ramani	Managing Director	
Ms. Vijaya L. Ramani	Director	
Mr. Nitesh L. Ramani	Director	
Ms. Saniya N. Ramani	Director	
Mr. Gajraj Kothari	Independent Director	
Mr. Anil Agarwal	Independent Director	
Mr. Indermal Ramani	Independent Director	
Mr. Ashok Porwal	Independent Director	
Mr. Shiva Prakash Chandrashekaraiah	Independent Director	

Signed by Company Secretary &
Compliance Officer

Signed by the Chief Finance
Officer

(K.N.Surya Prakash)

(G.G.Vishnumurthy)

Place: Bengaluru

Date: